

CHUBB LIFE ASSURANCE PUBLIC COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2017

Chubb Life Assurance Public Company Limited
Statement of Financial Position
As at 31 December 2017

	Notes	31 December 2017 Baht	31 December 2016 Baht
Assets			
Cash and cash equivalents	7	544,071,294	433,598,319
Premium receivable	8	356,355,067	354,381,965
Accrued investment income		89,888,919	76,314,515
Amount due from reinsurance	9	25,510,357	35,720,981
Invested assets			
Investments in securities	10, 28, 29	9,842,472,224	8,431,623,727
Policy loans	11	227,811,539	182,194,482
Equipment - net	12	33,446,607	33,272,278
Intangible assets - net	13	127,716,115	123,431,767
Other assets	14, 26	34,598,424	63,615,632
Total assets		11,281,870,546	9,734,153,666

 

Directors

CHUBB

Chubb Life Assurance Public Company Limited
บริษัท ชับบ์ไลฟ์ แอสicurานซ์ จำกัด (มหาชน)

The accompanying notes are an integral part of this financial statement.

Chubb Life Assurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2017

	Notes	31 December 2017 Baht	31 December 2016 Baht
Liabilities and equity			
Liabilities			
Insurance liabilities	15	8,706,045,141	7,745,787,467
Amount due to reinsurance	16, 26	54,317,725	59,892,427
Income tax payable		31,967,283	8,352,580
Employee benefits obligation	17	31,475,580	33,144,630
Deferred tax liabilities	18	180,269,941	134,598,006
Other liabilities	26	22,348,224	21,710,900
Other accrued employee benefits	26	79,757,598	60,371,080
Other creditors	26	12,403,898	19,361,534
Accrued commission expenses	26	145,727,318	144,680,535
Accrued expenses	26	242,045,385	214,424,271
Total liabilities		9,506,358,093	8,442,323,430
Equity			
Share capital	24		
Registered			
139,025,000 ordinary shares of Baht 10 per share		1,390,250,000	1,390,250,000
Issued and fully paid-up			
139,025,000 ordinary shares of Baht 10 per share		1,390,250,000	1,390,250,000
Deficits		(426,357,528)	(633,071,312)
Other components of equity			
Change in value of available-for-sale investments - net of tax	23	812,311,719	538,392,025
Remeasurements of post-employment benefit obligations - net of tax		(691,738)	(3,740,477)
Total equity		1,775,512,453	1,291,830,236
Total liabilities and equity		11,281,870,546	9,734,153,666

The accompanying notes are an integral part of this financial statement.

Chubb Life Assurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2017

	Notes	2017 Baht	2016 Baht
Revenues			
Gross written premiums		4,285,582,279	3,897,866,380
<u>Less</u> premiums ceded to reinsurers	26	<u>(111,462,590)</u>	<u>(130,322,839)</u>
Net written premiums		4,174,119,689	3,767,543,541
<u>Less</u> net change in unearned premium reserve		<u>(28,371,723)</u>	<u>(33,386,303)</u>
Net earned premiums		4,145,747,966	3,734,157,238
Fee and commission income		6,549,831	1,813,631
Net investment income		338,343,208	301,395,628
Other income		-	512,195
Total revenues		<u>4,490,641,005</u>	<u>4,037,878,692</u>
Expenses			
Change in long-term technical reserve		880,997,496	746,878,206
Gross benefits and claim paid		1,197,464,276	1,267,419,487
<u>Less</u> benefits and claim paid recovered from reinsurers		<u>(58,443,569)</u>	<u>(90,585,769)</u>
Commissions and brokerages	26	1,692,917,990	1,556,972,975
Other underwriting expenses		49,747,483	44,504,311
Operating expenses	20, 26	494,221,730	458,205,715
Other expenses		47,341	-
Total expenses		<u>4,256,952,747</u>	<u>3,983,394,925</u>
Profit before income tax expense		233,688,258	54,483,767
Income tax expense	22	<u>(26,974,474)</u>	<u>(17,578,072)</u>
Net profit for the year		<u>206,713,784</u>	<u>36,905,695</u>

The accompanying notes are an integral part of this financial statement.

Chubb Life Assurance Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2017

	<u>Notes</u>	<u>2017 Baht</u>	<u>2016 Baht</u>
Other comprehensive income (loss)			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Remeasurement of post-employment benefit obligations		3,810,924	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	<u>(762,185)</u>	-
Total items that will not be reclassified subsequently to profit or loss		<u>3,048,739</u>	-
<u>Items that will be reclassified subsequently to profit or loss</u>			
Change in value of available-for-sale investments		342,399,618	(119,865,220)
Realised gain from sale of available-for-sale investment transferred to profit or loss		-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	18	<u>(68,479,924)</u>	<u>23,973,044</u>
Total items that will be reclassified subsequently to profit or loss		<u>273,919,694</u>	<u>(95,892,176)</u>
Other comprehensive income (loss) for the year, net of tax		<u>276,968,433</u>	<u>(95,892,176)</u>
Total comprehensive income (loss) for the year		<u><u>483,682,217</u></u>	<u><u>(58,986,481)</u></u>
Earnings per share	25		
Basic earnings per share		<u>1.49</u>	<u>0.27</u>

The accompanying notes are an integral part of this financial statement.

Chubb Life Assurance Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2017

	Other components of equity									
	Other comprehensive income (loss)					Total other components of equity				
	Issued and paid-up share capital	Deficits	Change in value of available-for-sale investments - net of tax	Remeasurement of post-employment benefit obligations - net of tax	Other reserve	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2017	1,390,250,000	(633,071,312)	538,392,025	(3,740,477)	-	534,651,548	-	-	-	1,291,830,236
Changes in equity for the year ended 31 December 2017										
Net profit for the year	-	206,713,784	-	-	-	-	-	-	-	206,713,784
Equity-settled share-based payment	-	-	-	-	8,404,394	8,404,394	-	-	-	8,404,394
Share-based payment reclassified to liabilities	-	-	-	-	(8,404,394)	(8,404,394)	-	-	-	(8,404,394)
Remeasurement of post-employment benefit obligations	-	-	-	3,048,739	-	3,048,739	-	-	-	3,048,739
Change in value of available-for-sale investments	-	-	273,919,694	-	-	273,919,694	-	-	-	273,919,694
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Ending balance as at 31 December 2017	1,390,250,000	(426,357,528)	812,311,719	(691,738)	-	811,619,981	-	-	-	1,775,512,453
Beginning balance as at 1 January 2016	1,390,250,000	(669,977,007)	634,284,201	(3,740,477)	-	630,543,724	-	-	-	1,350,816,717
Changes in equity for the year ended 31 December 2016										
Net profit for the year	-	36,905,695	-	-	-	-	-	-	-	36,905,695
Equity-settled share-based payment	-	-	-	-	12,105,382	12,105,382	-	-	-	12,105,382
Share-based payment reclassified to liabilities	-	-	-	-	(12,105,382)	(12,105,382)	-	-	-	(12,105,382)
Change in value of available-for-sale investments	-	-	(95,892,176)	-	-	(95,892,176)	-	-	-	(95,892,176)
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Ending balance as at 31 December 2016	1,390,250,000	(633,071,312)	538,392,025	(3,740,477)	-	534,651,548	-	-	-	1,291,830,236

The accompanying notes are an integral part of this financial statement.

Chubb Life Assurance Public Company Limited**Statement of Cash Flows**

For the year ended 31 December 2017

	2017	2016
	Baht	Baht
Cash flows provided by (used in) operating activities		
Written premium received from direct insurance	4,282,635,899	3,839,537,511
Cash paid to reinsurance	(41,833,268)	(34,559,762)
Net investment income	347,807,846	310,070,395
Other income (expense)	(47,341)	457,494
Gross benefits and claim paid from direct insurance	(1,145,542,042)	(1,176,094,749)
Commissions and brokerages from direct insurance	(1,678,975,703)	(1,536,706,245)
Other underwriting expenses	(49,043,480)	(43,356,222)
Operating expenses	(408,935,930)	(441,365,905)
Income tax expense	(24,474,062)	(13,902,597)
Cash received for investment in securities	5,941,777	77,426,210
Cash paid for investment in securities	(1,097,018,409)	(940,817,233)
Cash received for policy loans	85,189,027	57,581,629
Cash paid for policy loans	(130,806,084)	(115,798,551)
Net cash provided by (used in) operating activities	<u>144,898,230</u>	<u>(17,528,025)</u>
Cash flows provided by (used in) investing activities		
Cash received in relation to equipment	45,436	4,709
Cash paid in relation to equipment	(9,323,890)	(1,996,717)
Cash paid in relation to computer software	(25,146,801)	(41,504,582)
Net cash used in investing activities	<u>(34,425,255)</u>	<u>(43,496,590)</u>
Net increase (decrease) in cash and cash equivalents	110,472,975	(61,024,615)
Cash and cash equivalents at beginning of the year	<u>433,598,319</u>	<u>494,622,934</u>
Cash and cash equivalents at the end of the year	<u><u>544,071,294</u></u>	<u><u>433,598,319</u></u>

Non-cash transaction

The Company had the significant non-cash transactions as follows:

Payable from purchasing equipment	1,201,375	1,471,560
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The accompanying notes are an integral part of this financial statement.

1 General information

Chubb Life Assurance Public Company Limited ("the Company") was registered as a limited company under the law of Thailand on 23 June 1997. The Company was converted to a public company limited and registered with the Ministry of Commerce on 16 October 2012. Later, the Company has changed its name to Chubb Life Assurance Company Limited on 17 May 2016.

The address of its registered office is as follow:

11th - 12th floor, 130 - 132 Sindhorn Tower 1, Wireless Road, Lumpini, Pathumwan, Bangkok 10330.

The principal business operation of the Company is to provide life insurance.

The major shareholder of the Company is Eksupsiri Company Limited, a local Thai affiliate of Chubb Limited, which is incorporated in Switzerland.

The financial statements were authorised by the Board of Directors on 5 April 2018.

2 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below:

2.1 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 Financial Reporting Standards (TFRSs) issued under the Accounting Profession Act B.E. 2547. In addition, the financial statements presentation have been prepared based on the format of life insurance financial statements attached in an Office of Insurance Commission's notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for life insurance company B.E. 2559" dated on 4 March 2016 ('OIC Notification').

The financial statements have been prepared under the historical cost convention except certain investments which are presented at fair value as disclosed in the accounting policies.

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's judgement in applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

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.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations

2.2.1 Revised accounting standards which are effective on 1 January 2017, with significant changes, and are relevant to the Company.

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 38 (revised 2016)	Intangible assets

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

The Company has applied these accounting standards.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised accounting standards which are effective for annual periods beginning on or after 1 January 2018, with significant changes, and are relevant to the Company but are not early adopted.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

The management assessed and considered that the above revised standards will not have a material impact on the Company except for disclosure.

2.2.3 New financial reporting standard, TFRS 15 Revenue from contracts with customers, which is effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this revised standard.

TFRS 15 will replace the following standards and interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- 1) Identify contracts with customers
- 2) Identify the performance obligations in the contract
- 3) Determine the transaction price of the contract
- 4) Allocate the transaction price to each of the separate performance obligations
- 5) Recognise the revenue as each performance obligation is satisfied.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.3 New financial reporting standard, TFRS 15 Revenue from contracts with customers, which is effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this revised standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

The Company will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The management is currently assessing the impact of initial adoption of this standard.

2.3 Recognition of revenues and expenses

Ordinary premium income is recognised as revenue when premium is received and on the effective date of the insurance policies for the first year premium. For the renewal year premium, premium income is recognised as revenue when premium is due. Premium receivable is additionally recognised as revenue when the policy is still in force and in the process of collection.

Group premium income is recognised as revenue when the policies are effective and issued.

Benefits payments to life policy and insurance claims are recorded when notices of claims have been received or the policyholders request to surrender the policy. Other benefits are recognized when due or on maturity.

Expenses relating to the sale of life insurance policies i.e. commissions and brokerages are recognised when incurred.

Interest income is recognised on an accrual basis. Dividends on securities are recognised on the dividend declaration date.

Other income and expenses are recognised on an accrual basis.

2 Accounting policies (Cont'd)

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with maturity at acquisition date of three months or less.

2.5 Premium receivable

Premium due and uncollected are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amount at the year end. Bad debts are written-off during the year in which they are identified.

2.6 Reinsurance transactions

Reinsurance transactions are recorded based on estimates of amounts to be received or paid from reinsurers in accordance with term and condition in agreements. Premiums ceded and claims reimbursed are presented on a gross basis in profit or loss and net basis by reinsurer in statement of financial position. The Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

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

Amount due from reinsurance are subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss.

2.7 Investments in securities

Investments are classified as available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Available-for-sale investments are intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates.

The Company initially recognises at cost, which is equal to the fair value of consideration paid plus a transaction cost.

Available for sale investments are subsequently measured at fair value. The fair value of investments is based on the yield curve at the close of business on the statement of financial position date by reference to the Thai Bond Market Association. The unrealised gains and losses of available-for-sale investments are recognised in other comprehensive income.

2 Accounting policies (Cont'd)

2.7 Investments in securities (Cont'd)

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.8 Equipment

Equipment are recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset and bringing it to the location and condition necessary for its intended use. Equipment are presented in the statement of financial position at cost less any accumulated depreciation and any allowance for the decrease in value (if any).

The Company includes in cost of leasehold improvement, an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located, when the Company has obligation to do. The Company calculates depreciation expense on the straight line basis over the remaining contractual period. The estimated useful life, residual value and method of depreciation are revised at least at each financial year-end.

Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Leasehold improvements	3 - 9 years
Office equipment	5 years
Furniture and fixtures	5 - 9 years
Computers	3 - 7 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

When long-term asset is disposed, the Company will write off both the asset account and its related accumulated depreciation, and recognised any gain or loss from disposal of the asset in profit or loss.

The cost of leasehold improvements under operating lease is capitalised and depreciated using straight-line method over the remaining life of the lease or the useful life of the improvement, whichever is shorter.

2 Accounting policies (Cont'd)

2.9 Computer software

Computer software is stated at cost less accumulated amortisation and is amortised using straight-line method over the estimated useful life of 5 - 7 years.

2.10 Impairment of non-financial assets

Equipment and non-financial assets, including intangible assets are tested annually for decrease in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A loss on decrease in value 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 decrease in value, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered a decrease in value are reviewed for possible reversal of the decrease in value at each reporting date.

2.11 Policy loan

Policy loan is stated at the principal amount.

Policy loan has cash surrender value as collateral. In case of cash surrender value less than the policy loan amount, the Company has a right to offset loan balance with cash surrender value automatically.

2.12 Leases - where the Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant or equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2 Accounting policies (Cont'd)

2.13 Employee benefits

2.13.1 Provident fund

The Company established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 13 January 1997.

Under the plan, the employees must contribute a certain percentage of their basic salary to be matched by the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions as prescribed in the Ministerial Regulations under Provident Fund Act B.E. 2530.

The Company's contributions to the provident fund are charged to profit or loss in the year to which they relate.

2.13.2 Retirement benefit

A defined benefit plan is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Under Labour Laws applicable in Thailand and the Company's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Gains or losses on remeasurement of employee benefit obligation are charged or credited to other components of equity through other comprehensive income (loss) in the period which they arise.

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

2.13.3 Share-based payment

The Company's parent company operates equity-settled share based compensation plans. The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied and is determined by reference to the fair value on the date of the grant. The Company presents it under other components of equity and recognises the recharge over the vesting period as other accrued employee benefit.

2 Accounting policies (Cont'd)

2.14 Insurance liabilities

2.14.1 Product classification

The Company classified its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Insurance contracts are those contracts that transfer significant insurance risk, while investment contracts are those contracts without significant insurance risk. The Company classified all its policies as insurance contracts, owing to the significant insurance risk present in all of the contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Company to pay significant additional benefits to its customers, the contract is accounted for as an insurance contract. Once a contract has been classified as an insurance or investment contract, no reclassification is subsequently performed unless the terms of the agreement are later amended.

Some insurance contracts have discretionary participation features, "DPF", which may entitle the customer to receive, as a supplement to guaranteed benefits, additional non-guaranteed policyholder bonus. The DPF benefits in question are not significant portion of the total contractual benefits, and cannot be unbundled from the underlying insurance contracts. As such the Company continues its existing accounting policies for the recognition and measurement of for these insurance contracts and does not report the DPF benefits separately, as permitted by TFRS 4 (revised 2016).

2.14.2 Liability adequacy test

The purpose of LAT is to verify the adequacy of life insurance liabilities provisions. The test consists of comparing the insurance contract provisions with the gross premium valuation of the insurance liabilities, calculated from the future expected contractual and other cash flows on a best estimate basis as at the valuation date. The LAT test is performed on the company level. If the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss.

2.14.3 Long term and short term insurance contracts

Long term insurance contracts are insurance contracts which the term of contract is more than 1 year or the contract which have automatic approve of renewal which the Company cannot terminate and cannot increase or decrease premium including the change in other benefit throughout the contract term.

Short term insurance contracts are insurance contracts which do not have terms and conditions as long term insurance contracts.

The mentioned classification of long term and short term insurance contracts is in accordance with approach for Risk-Based Capital report.

2.14.4 Life policy reserves

Life policy reserves represent the accumulated total net premium valuation reserves under actuarial principle for future insurance claims and benefits paid for life policies in force as at the statement of financial position date. This method uses assumptions approved by OIC without a provision for adverse deviation. These assumptions are set at the policy inception date remained locked-in thereafter.

2 Accounting policies (Cont'd)

2.14 Insurance liabilities (Cont'd)

2.14.5 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 Company's management. The maximum value of claims estimate does not exceed the sum-insured under the relevant policy.

IBNR is calculated using actuarial techniques and based on a best estimate of claims which are expected to be paid in respect of losses occurring prior to the reporting date.

2.14.6 Unearned premium reserves

Unearned premium reserves for group insurance and short-term riders are calculated on a proportionate of underwriting period basis.

2.14.7 Unpaid policy benefit

Provisions are made for the benefits unpaid at the date of the statement of financial position, recorded when due or on maturity.

2.15 Provisions

Provisions, excluding provisions for employee benefits, 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 a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.16 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 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 or valuation where items are re-measured. 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.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

2 Accounting policies (Cont'd)

2.17 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets carried on the statement of financial position include cash and cash equivalents, accrued investment income, premium receivable, amount due from reinsurance, investments in securities, policy loans, and certain balances included in other assets. Financial liabilities carried on the statement of financial position include amount due to reinsurance, unpaid policy benefit, outstanding claims, and certain balances included in other liabilities.

The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

2.18 Current and deferred income taxes

The tax expense for the year 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. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company operates and generates taxable income. 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 is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income 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 income tax is provided except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Risk management

As an insurer, the Company's activities expose it to a variety of insurance risks and financial risks. The Company applies a consistent risk management policy that is embedded in management processes and controls such that both existing and emerging risks are considered and addressed. In addition, the Company has established the enterprise risk management function for managing and monitoring the enterprise wide risks.

The Company has no policy to speculate or trade in any derivative financial instruments.

The following section summarises the Company's risk management.

3.1 Insurance risk management

Insurance risk is risks undertaken by life insurance companies through contracts they underwrite. The risks within this category are associated with the perils covered (e.g. death, accident, illnesses) and with the specific processes associated with the conduct of life insurance business.

The Company prepared product pricing guidelines following actuarial principle, underwriting guidelines, underwriting authorities and claims approval and settlement authorities to mitigate the insurance risks that are associated with product design, pricing and underwriting and claims management.

Concentration

The management considers the concentration risk of insurance products from various perspectives to avoid a concentration risk when the event of loss occurs. The Company has maintained a broad range and well-mixes of insurance products such as whole life, saving, protection, accident and health, and credit life to various group of customers in all areas across Thailand in order to ensure portfolio diversification. The Company considered proportion of various products and monitored the concentration risk by the management.

The following table presents the concentration of insurance liabilities separated by product for the years ended 31 December 2017 and 2016.

	2017			
	Ordinary individual life and riders Baht	Personal accident Baht	Group Baht	Total Baht
Long-term technical reserves	7,066,289,717	-	979,588,367	8,045,878,084
Claim liability	35,009,176	5,124,987	185,560,916	225,695,079
Total	7,101,298,893	5,124,987	1,165,149,283	8,271,573,163
	2016			
	Ordinary individual life and riders Baht	Personal accident Baht	Group Baht	Total Baht
Long-term technical reserves	6,031,869,448	-	1,133,011,140	7,164,880,588
Claim liability	42,090,043	2,877,722	150,017,289	194,985,054
Total	6,073,959,491	2,877,722	1,283,028,429	7,359,865,642

3 Risk management (Cont'd)

3.1 Insurance risk management (Cont'd)

Lapse

Experience study on lapse is carried out on an annual basis using statistical method. Lapse assumptions vary by product type and policy duration. The lapse rates for riders are assumed to follow the same lapse rates as the attached base products. For new products that still do not have credible lapse experience, best estimates from experience of comparable products will be used. The lapse assumption is reviewed annually.

Expenses

The expense assumptions were set in line with actual expenses. The Company derived unit costs assumptions from actual expenses varied by product type and expenses assumption is inflated annually to reflect higher cost of underwriting, issuing and maintaining the policies. The expense assumption is reviewed annually.

Mortality and Morbidity

The deviation of actual claims experience and mortality and morbidity assumption used can significantly impact the operating result. The experience is volatile at the individual product level, particularly for smaller products such as basic term assurances. Experience study on mortality and morbidity rates is carried out on an annual basis. The mortality and morbidity rates are in line with actual experience, and are compared with other life insurers. The Company's mortality and morbidity assumptions vary by product type and considered to be adequate. The mortality and morbidity assumptions are reviewed annually.

3.2 Financial risk management

Currency risk

As of 31 December 2017 and 2016, the Company has no significant foreign currency financial instruments.

4 Fair value

4.1 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follow:

- Quoted prices (unadjusted) in active markets for identical assets of liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's financial assets that are measured at fair value as at 31 December 2017 and 2016.

	2017			Total Baht
	Level 1 Baht	Level 2 Baht	Level 3 Baht	
Assets				
Available-for-sale securities				
- Government and state enterprise securities	-	8,172,943,631	-	8,172,943,631
- Private enterprise securities	-	1,669,528,593	-	1,669,528,593
Total assets	-	9,842,472,224	-	9,842,472,224
	2016			Total Baht
	Level 1 Baht	Level 2 Baht	Level 3 Baht	
Assets				
Available-for-sale securities				
- Government and state enterprise securities	-	7,225,858,658	-	7,225,858,658
- Private enterprise securities	-	1,205,765,069	-	1,205,765,069
Total assets	-	8,431,623,727	-	8,431,623,727

There were no transfers between levels during the year.

4.2 Valuation techniques used to derive Level 2 fair values

Level 2 debt investments of marketable securities are fair valued based on the yield curve of the Thai Bond Market Association at the close of business on the statements of financial position date.

4.3 Fair value estimation of assets and liabilities not carried at fair value but for which the fair value is disclosed.

Fair value of policy loans are calculated at amortised cost using the effective yield method. The policy loans mainly are fixed interest rates which the management assesses that the effective yield of loans is a reasonable approximation to the market yield. Accordingly, their carrying amount is a reasonable approximation of fair value.

Other financial instruments not carried at fair value are typically short-term. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, accrued investment income, receivable from sale of investments, other assets, other liabilities and payable for purchase of investments.

5 Critical accounting estimates, assumptions and judgments

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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

5.1 Product classification

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk, while investment contracts are those contracts without significant insurance risk. The Company exercises significant judgment to determine whether there is a scenario (other than those lacking commercial substance) in which an insured event would require the Company to pay significant additional benefits to its customers.

In the event the Company has to pay significant additional benefits to its customers, the contract is accounted for as an insurance contract. The accounting policy on product classification is described in Note 2.14

5.2 Insurance liabilities

The Company calculates the insurance contract liabilities for traditional life insurance using a net premium valuation method, whereby the liability represents the present value of estimated future policy benefits to be paid, less the present value of estimated future net premiums to be collected from policyholders. This method uses assumptions prescribed by OIC without a provision for the risk of adverse deviation. These assumptions are set at the policy inception date and remained locked in thereafter, unless a deficiency arises on liability adequacy testing. If the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss.

5.3 Loss reserve and outstanding claims

At the end of each reporting date, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, based on independent surveyor advice and reports, other available information and management's own assessment and the claims incurred but not reported (IBNR). The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, the Company is using the Chain Ladder method (Bornhuetter-Ferguson Technique) for short-term insurance. IBNR reserve for long-term insurance is calculated using actuarial techniques and based on best estimate of claims which are expected to be paid in respect of losses occurring prior to the reporting date.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products.

Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5 Critical accounting estimates, assumptions and judgments (Cont'd)

5.4 Liability adequacy testing

The Company evaluates the adequacy of its insurance contract liabilities quarterly. Significant judgment is exercised in determining the level of aggregation at which liability adequacy testing is performed and in selecting best estimate assumptions. Under liability adequacy testing, the insurance contract liabilities were calculated using a gross premium valuation method without a provision for the risk of adverse deviation. The discounting interest is the risk-free rate based on the yield curve of the Thai Bond Market Association, adjusted by illiquidity premium. Liability adequacy is assessed in accordance with the Company's manner of acquiring, servicing and measuring the profitability of its insurance contracts. The Company performs liability adequacy testing by considering all insurance contracts.

5.5 Employee benefits

The Company has legal commitment on post-retirement benefits to employee on reaching retirement age. The present value of employee benefit liabilities recognised in statements of financial position is determined on present value of defined benefit obligation which depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including discounting assumption. Any changes in these assumptions will have an impact on the carrying amount of defined benefit obligation. The assumptions used in determining the net year cost for employee benefits includes the salary and years of services of respective employees which are payable in the future year and interest rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefits obligation.

On a yearly basis, the Company revises the appropriate discount rate, which represents the discount rate that should be used to determine the present value of future cash flows to settle the nearly reach retired employee benefits. In determining the appropriate discount rate, the Company considers the market yield of government bonds that are nominated in the currency in which the benefits will be paid and that have terms to maturity approximately the terms of the related pension liabilities.

Chubb Limited (Parent Company) has a stock option plan. The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied and is determined by reference to the fair value on the date of the grant. The weighted average fair value of options granted during the period are determined using the Black-Scholes option-pricing valuation model. The significant inputs into the model were exercise price at the grant date, volatility, dividend yield and an annual risk-free interest rate.

5.6 Deferred tax

Deferred tax liabilities are provided in full on all taxable temporary differences. 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 tax loss carried forward in assessing whether to recognise deferred tax assets.

6 Capital risk management

The objectives when managing capital are to safeguard the ability to continue as a going concern in order to meet policyholder liabilities whilst provide returns for shareholders and benefits for other stakeholders.

The company monitors solvency capital in compliance with the requirement of the Office of Insurance Commission under the Risk-Based Capital framework under Life Insurance Act B.E 2535 and amended by Life Insurance Act No.2 B.E 2551 and No.3 B.E 2558 for the purpose of assessing the solvency capital requirement.

7 Cash and cash equivalents

	2017 Baht	2016 Baht
Cash	123,800	103,900
Deposits held at call with bank	543,947,494	433,494,419
Total cash and cash equivalents	<u>544,071,294</u>	<u>433,598,319</u>

8 Premium receivable

As at 31 December 2017 and 2016, the balances of premium receivable are aged as follows:

	From direct insurance	
	2017 Baht	2016 Baht
Current	356,355,067	354,381,965
Overdue	-	-
Premium receivable	<u>356,355,067</u>	<u>354,381,965</u>

9 Amount due from reinsurance

	2017 Baht	2016 Baht
Due from reinsurers	25,510,357	35,720,981
Total amount due from reinsurance	<u>25,510,357</u>	<u>35,720,981</u>

The amount due from reinsurance are aged as follows:

	2017 Baht	2016 Baht
Current	25,510,357	35,720,981
Overdue		
Not over 12 months	-	-
1 - 2 years	-	-
Over 2 years	-	-
Total amount due from reinsurance	<u>25,510,357</u>	<u>35,720,981</u>

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10 Investments in securities

10.1 Available-for-sale

	2017		2016	
	Cost Baht	Unrealised gains on changes in fair value of investment Baht	Fair value Baht	Unrealised gains on changes in fair value of investment Baht
Government and state enterprise securities				
Government bonds	7,179,631,414	909,262,213	8,088,893,627	6,518,305,587
Debentures	70,420,992	13,629,012	84,050,004	70,711,309
Private enterprise securities				
Debentures	1,577,030,168	92,498,425	1,669,528,593	1,169,616,799
Total available-for-sale	8,827,082,574	1,015,389,650	9,842,472,224	7,758,633,695
				672,990,032
				8,431,623,727

The Company disclosed information regarding the restricted amount of investments in Notes 28 and 29.

During the year 2017, the Company recognised interest income amounted to Baht 338,083,319 Baht (2016: Baht 303,012,079).

During the year 2017, the Company has no sales of available-for-sale investments (2016: Nil).

10 Investments in securities (Cont'd)

10.2 Maturity of debt securities

Investments in debt securities as at 31 December 2017 and 2016 will be due as follows:

	2017			Total Baht
	Period to maturity			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale				
Government and state enterprise securities				
Government bonds	5,005,691	209,401,580	6,965,224,143	7,179,631,414
Debentures	-	40,420,992	30,000,000	70,420,992
<u>Add</u> Unrealised gains on changes in fair value of investments	33,596	15,477,171	907,380,458	922,891,225
Total government and state enterprise securities	5,039,287	265,299,743	7,902,604,601	8,172,943,631
Private enterprise securities				
Debentures	10,024,338	243,631,459	1,323,374,371	1,577,030,168
<u>Add</u> Unrealised gains on changes in fair value of investments	66,408	18,570,178	73,861,839	92,498,425
Total private enterprise securities	10,090,746	262,201,637	1,397,236,210	1,669,528,593
Total available-for-sale	15,130,033	527,501,380	9,299,840,811	9,842,472,224
	2016			Total Baht
	Period to maturity			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale				
Government and state enterprise securities				
Government bonds	-	217,453,769	6,300,851,818	6,518,305,587
Debentures	-	40,711,309	30,000,000	70,711,309
<u>Add</u> Unrealised gains on changes in fair value of investments	-	18,041,871	618,799,891	636,841,762
Total government and state enterprise securities	-	276,206,949	6,949,651,709	7,225,858,658
Private enterprise securities				
Debentures	-	107,032,826	1,062,583,973	1,169,616,799
<u>Add</u> Unrealised gains on changes in fair value of investments	-	3,057,304	33,090,966	36,148,270
Total private enterprise securities	-	110,090,130	1,095,674,939	1,205,765,069
Total available-for-sale	-	386,297,079	8,045,326,648	8,431,623,727

11 Policy loans

The balances of policy loans and accrued interest income were classified by aging as follows:

	2017			2016		
	Principal Baht	Accrued interest income Baht	Total Baht	Principal Baht	Accrued interest income Baht	Total Baht
Current	227,811,539	25,948,681	253,760,220	182,194,482	19,950,580	202,145,062
Overdue	-	-	-	-	-	-
Total	227,811,539	25,948,681	253,760,220	182,194,482	19,950,580	202,145,062
Less Allowance for doubtful accounts	-	-	-	-	-	-
Policy loans - net	227,811,539	25,948,681	253,760,220	182,194,482	19,950,580	202,145,062

Cash values of insurance policies were used as collateral of the policy loans.

Accrued interest income was presented in accrued investment income in the statement of financial position.

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12 Equipment - net

	Cost					Accumulated depreciation					Net balance Baht	
	Beginning balance Baht	Additions Baht	Disposals Baht	Write-off Baht	Transfer Baht	Ending balance Baht	Beginning balance Baht	Additions Baht	Disposals Baht	Write-off Baht		Ending balance Baht
Leasehold improvements	37,506,409	267,184	-	-	1,958,759	39,732,352	20,803,663	2,735,686	-	-	23,539,349	16,193,003
Leasehold improvements in progress	329,029	1,860,458	-	-	(1,958,759)	230,728	-	-	-	-	-	230,728
Office equipment	19,332,719	484,031	-	(919,072)	-	18,897,678	15,874,789	1,322,741	-	(919,068)	16,278,462	2,619,216
Furniture & fixtures	4,000,907	787,484	(52,825)	-	-	4,735,566	3,595,153	100,898	(10,796)	-	3,685,255	1,050,311
Computers	29,795,573	5,654,548	-	(29,853)	-	35,420,268	17,418,754	4,674,615	-	(26,450)	22,066,919	13,353,349
Total	90,964,637	9,053,705	(52,825)	(948,925)	-	99,016,592	57,692,359	8,833,940	(10,796)	(945,518)	65,569,985	33,446,607

	Cost					Accumulated depreciation					Net balance Baht	
	Beginning balance Baht	Additions Baht	Disposals Baht	Write-off Baht	Transfer Baht	Ending balance Baht	Beginning balance Baht	Additions Baht	Disposals Baht	Write-off Baht		Ending balance Baht
Leasehold improvements	36,665,728	47,425	-	-	793,256	37,506,409	18,223,817	2,579,846	-	-	20,803,663	16,702,746
Leasehold improvements in progress	86,984	1,035,301	-	-	(793,256)	329,029	-	-	-	-	-	329,029
Office equipment	19,079,958	455,034	(62,036)	(140,237)	-	19,332,719	14,671,724	1,395,897	(56,164)	(136,668)	15,874,789	3,457,930
Furniture & fixtures	3,948,083	52,824	-	-	-	4,000,907	3,595,301	55,852	-	-	3,595,153	405,754
Computers	47,528,556	1,588,524	-	(19,321,507)	-	29,795,573	32,263,397	4,536,296	-	(19,380,939)	17,418,754	12,376,819
Total	107,309,309	3,179,108	(62,036)	(19,461,744)	-	90,964,637	68,698,239	8,567,891	(56,164)	(19,517,607)	57,692,359	33,272,278

13 Intangible assets - net

Intangible assets as at 31 December 2017 and 2016 comprises:

	2017	2016
	Baht	Baht
Computer software beginning balance - net	90,512,427	86,873,832
Additions	13,809,084	3,024,084
Transfer in	44,232,982	24,928,663
Amortisation charges	(20,862,453)	(24,314,152)
Computer software ending balance - net	<u>127,692,040</u>	<u>90,512,427</u>
Computer software in progress beginning balance - net	32,919,340	19,367,505
Additions	11,337,717	38,480,498
Transfer out	(44,232,982)	(24,928,663)
Computer software in progress ending balance - net	<u>24,075</u>	<u>32,919,340</u>
Total intangible assets - net	<u>127,716,115</u>	<u>123,431,767</u>

14 Other assets

Other assets as at 31 December 2017 and 2016 comprises:

	2017	2016
	Baht	Baht
Security and deposits	8,855,656	8,764,462
Prepaid tax	1,357	2,457,422
Prepaid expense	20,302,533	35,389,248
Others	5,438,698	17,004,500
Total other assets	<u>34,598,424</u>	<u>63,615,632</u>

15 Insurance liabilities (Cont'd)

15.1 Long-term technical reserves

The movement of long-term technical reserves during the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
	Baht	Baht
Beginning balance for the year	7,164,880,588	6,418,002,381
Policy reserve movement for new policies and inforce policies during the year	1,135,182,908	1,051,219,126
Net movement in benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claims	<u>(254,185,412)</u>	<u>(304,340,919)</u>
Closing balance at the end of year	<u>8,045,878,084</u>	<u>7,164,880,588</u>

The assumptions used in actuarial estimation are as follows:

	2017	2016
	%	%
Morbidity, mortality, and survival rate	15 - 130 TMO	15 - 130 TMO
Discount rate	2 - 6	2 - 6
Benefit paid to insured	1 - 800 SA	1 - 800 SA

Aging of undiscounted insurance contract liabilities' repayment is as follows:

	2017	2016
	Baht	Baht
Repayment within 1 year	838,367,468	855,829,574
Repayment after 1 year but within 5 years	3,900,419,099	3,274,780,158
Repayment over 5 years	<u>62,658,433,728</u>	<u>58,952,727,878</u>
Total	<u>67,397,220,295</u>	<u>63,083,337,610</u>

15 Insurance liabilities (Cont'd)

15.2 Short-term technical reserves

15.2.1 Claim liability

The movement of claim liability during the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
	Baht	Baht
Beginning balance for the year	194,985,054	145,737,749
Insurance claims and loss adjustment expenses incurred during the year	620,447,600	569,247,005
Change in claim reserve and assumptions	1,562,913	16,804,326
Insurance claims and loss adjustment expenses paid during the year	(591,300,488)	(536,804,026)
Closing balance at the end of year	<u>225,695,079</u>	<u>194,985,054</u>

The assumptions used in actuarial estimation are as follows:

	2017	2016
	%	%
Weighted average loss ratio	29.6	33.0

Aging of undiscounted insurance contract liabilities' repayment based on current estimate is as follows:

	2017	2016
	Baht	Baht
Repayment within 1 year	221,375,053	192,564,495
Repayment after 1 year but within 5 years	-	-
Repayment over 5 years	-	-
Total	<u>221,375,053</u>	<u>192,564,495</u>

15.2.2 Unearned premium reserve

The movement of unearned premium reserve during the year ended 31 December 2017 and 2016 are as follows:

	2017	2016
	Baht	Baht
Beginning balance for the year	214,729,615	181,343,312
Premium written for the year	1,920,300,163	1,609,989,386
Premium earned in the year	(1,891,928,440)	(1,576,603,083)
Closing balance at the end of year	<u>243,101,338</u>	<u>214,729,615</u>

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15 Insurance liabilities (Cont'd)

15.3 Claim Development Table

15.3.1 Claim development table before reinsurance

	2017					Total Baht
	Incident Year					
	2013 Baht	2014 Baht	2015 Baht	2016 Baht	2017 Baht	
Reported Year						
Estimated claim :						
- At the end of the year	302,927,071	397,757,611	427,261,231	484,019,021	522,054,571	2,134,019,505
- After 1 year	362,097,529	452,530,602	479,511,887	538,889,681	-	1,833,029,699
- After 2 year	365,838,736	453,647,822	483,103,403	-	-	1,302,589,961
- After 3 year	365,982,632	454,251,632	-	-	-	820,234,264
- After 4 year	366,894,074	-	-	-	-	366,894,074
Absolute estimated claim	380,756,894	473,160,385	500,620,924	561,910,062	617,544,398	2,533,992,663
Cumulative claim paid	370,790,389	454,914,470	485,667,799	537,440,086	463,804,867	2,312,617,611
Total claim liability	9,966,505	18,245,915	14,953,125	24,469,976	153,739,531	221,375,052
Expired cheque						4,320,027
Total claim liability						225,695,079

Chubb Life Assurance Public Company Limited
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15 Insurance liabilities (Cont'd)

15.3 Claim Development Table (Cont'd)

15.3.1 Claim development table before reinsurance (Cont'd)

Reported Year	2016					Total Baht
	Incident Year					
	2012 Baht	2013 Baht	2014 Baht	2015 Baht	2016 Baht	
Estimated claim :						
- At the end of the year	273,009,282	302,927,071	398,079,583	427,939,303	494,578,177	1,896,533,416
- After 1 year	302,200,909	362,097,529	452,855,574	480,195,358	-	1,597,349,370
- After 2 year	303,264,456	365,838,736	453,972,794	-	-	1,123,075,986
- After 3 year	304,257,285	365,982,632	-	-	-	670,239,917
- After 4 year	304,456,130	-	-	-	-	304,456,130
Absolute estimated claim	311,144,460	383,477,388	476,788,713	507,603,645	590,342,201	2,269,356,407
Cumulative claim paid	309,349,180	369,389,377	455,398,416	480,267,976	462,386,963	2,076,791,912
Total claim liability	1,795,280	14,088,011	21,390,297	27,335,669	127,955,238	192,564,495
Expired cheque						2,420,559
Total claim liability						194,985,054

Chubb Life Assurance Public Company Limited
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For the year ended 31 December 2017

15 Insurance liabilities (Cont'd)

15.3 Claim Development Table (Cont'd)

15.3.2 Claim development table, net

	2017					Total Baht
	Incident Year					
	2013 Baht	2014 Baht	2015 Baht	2016 Baht	2017 Baht	
Reported Year						
Estimated claim :						
- At the end of the year	301,089,777	395,345,158	424,669,834	481,083,381	518,888,240	2,121,076,390
- After 1 year	359,901,359	449,785,943	476,603,583	535,621,243	-	1,821,912,128
- After 2 year	363,619,875	450,896,387	480,173,316	-	-	1,294,689,578
- After 3 year	363,762,899	451,496,535	-	-	-	815,259,434
- After 4 year	364,668,812	-	-	-	-	364,668,812
Absolute estimated claim	378,447,552	470,290,604	497,584,591	558,502,002	613,798,910	2,518,623,659
Cumulative claim paid	368,541,495	452,155,353	482,722,159	534,180,440	460,991,829	2,298,591,276
Total claim liability	9,906,057	18,135,251	14,862,432	24,321,562	152,807,081	220,032,383

Chubb Life Assurance Public Company Limited
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15 Insurance liabilities (Cont'd)

15.3 Claim Development Table (Cont'd)

15.3.2 Claim development table, net (Cont'd)

	2016						Total
	Incident Year						
	2012 Baht	2013 Baht	2014 Baht	2015 Baht	2016 Baht		
Reported Year							
Estimated claim :							
- At the end of the year	271,917,845	301,716,028	396,488,139	426,228,485	492,600,951	1,888,951,448	
- After 1 year	300,992,770	360,649,934	451,045,146	478,275,632	-	1,590,963,482	
- After 2 year	302,052,065	364,376,185	452,157,900	-	-	1,118,586,150	
- After 3 year	303,040,924	364,519,506	-	-	-	667,560,430	
- After 4 year	303,238,974	-	-	-	-	303,238,974	
Absolute estimated claim	309,749,940	382,404,627	475,630,383	506,456,811	589,146,200	2,263,387,961	
Cumulative claim paid	307,961,837	368,372,938	454,325,600	479,230,424	461,702,502	2,071,593,301	
Total claim liability	1,788,103	14,031,689	21,304,783	27,226,387	127,443,698	191,794,660	

15 Insurance liabilities (Cont'd)

15.4 Unpaid policy benefits

The details of unpaid policy benefits as at 31 December 2017 and 2016 are as follows:

	2017 Baht	2016 Baht
Death benefits	34,389,194	37,163,095
Coupon	122,171,718	108,558,964
Expired cheque	23,832,720	17,682,977
Total	180,393,632	163,405,036

16 Amount due to reinsurance

	2017 Baht	2016 Baht
Outward premium payable	54,317,725	59,892,427
Total amount due to reinsurance	54,317,725	59,892,427

17 Employee benefits obligation

The amounts recognised in the statements of financial position are as follows:

	2017 Baht	2016 Baht
<u>Obligation from defined benefit plan</u>		
Present value of employee benefits obligations	31,475,580	33,144,630
Total obligation	31,475,580	33,144,630

The amounts recognised in profit or loss are as follows:

	2017 Baht	2016 Baht
Current service costs	3,785,777	5,105,652
Interest costs	595,913	869,428
Past service costs	-	-
	4,381,690	5,975,080

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17 Employee benefits obligation (Cont'd)

Changes in the present value of the long-term employee benefits are as follows:

	2017 Baht	2016 Baht
Beginning balance at 1 January	33,144,630	27,169,550
Current service costs	3,785,777	5,105,652
Interest costs	595,913	869,428
Past service costs	-	-
Remeasurements:		
Gain from change in financial assumptions	(2,427,542)	-
Experience gain	(1,383,382)	-
<u>Less</u> benefits paid during the year	<u>(2,239,816)</u>	<u>-</u>
Closing balance at 31 December	<u>31,475,580</u>	<u>33,144,630</u>

Significant assumptions used in the actuarial calculation are summarised as follows:

	2017	2016
Discount rate	3.09%	3.20%
Mortality rate	Thai Mortality Ordinary Table 2017	Thai Mortality Ordinary Table 2008
Retirement age	60 years old	60 years old
Salary increase rate	5% - 8%	5% - 8%
Turnover rate	0% - 20%	0% - 21%

Sensitivity analysis on key assumptions changes are as follows:

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1.00%	1.00%	Decrease by 5.00%	Decrease by 6.00%	Increase by 6.00%	Increase by 7.00%
Salary growth rate	1.00%	1.00%	Increase by 6.00%	Increase by 9.00%	Decrease by 5.00%	Decrease by 8.00%
Turnover rate	20.00%	20.00%	Decrease by 7.00%	Decrease by 7.00%	Increase by 9.00%	Increase by 9.00%

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 retirement benefits recognised within the statement of financial position.

	2017 Years	2016 Years
Weighted average duration of the defined benefit obligation	11.5	14.0

17 Employee benefits obligation (Cont'd)

Maturity analysis of undiscounted defined benefits:

	2017 Baht	2016 Baht
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 1 year	14,706,505	12,151,820
Benefits expected to be paid after 1 year but within 5 years	4,861,937	4,942,468
Benefits expected to be paid after 5 years	67,625,676	90,173,378

18 Deferred income taxes

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

	2017 Baht	2016 Baht
Deferred tax assets:		
Deferred tax asset to be settled within 12 months	19,838,886	-
Deferred tax asset to be settled after 12 months	2,969,103	-
	<u>22,807,989</u>	<u>-</u>
Deferred tax liabilities:		
Deferred tax liability to be settled within 12 months	(20,001)	-
Deferred tax liability to be settled after 12 months	(203,057,929)	(134,598,006)
	<u>(203,077,930)</u>	<u>(134,598,006)</u>
Deferred tax assets (liabilities) - net	<u>(180,269,941)</u>	<u>(134,598,006)</u>

The movement in deferred tax assets and deferred tax liabilities during the year is as follows:

	Accrued employee benefits Baht	Accrued commission expenses Baht	IBNR Baht	Total Baht
Deferred tax assets				
At 1 January 2017	-	-	-	-
Increase to profit or loss	8,242,561	1,993,472	13,334,141	23,570,174
Decrease directly to equity	(762,185)	-	-	(762,185)
At 31 December 2017	<u>7,480,376</u>	<u>1,993,472</u>	<u>13,334,141</u>	<u>22,807,989</u>
At 1 January 2016	-	-	-	-
Increase to profit or loss	-	-	-	-
Decrease directly to equity	-	-	-	-
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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18 Deferred income taxes (Cont'd)

	Unrealised gains on changes in fair value of investments Baht	Total Baht
Deferred tax liabilities		
At 1 January 2017	134,598,006	134,598,006
Increase to other comprehensive income (loss)	68,479,924	68,479,924
At 31 December 2017	<u>203,077,930</u>	<u>203,077,930</u>
At 1 January 2016	158,571,050	158,571,050
Decrease to other comprehensive income (loss)	(23,973,044)	(23,973,044)
At 31 December 2016	<u>134,598,006</u>	<u>134,598,006</u>

As at 31 December 2017 and 2016 the Company had unutilised deductible temporary tax difference that the Company did not recognise as deferred tax assets in the financial statements as follows:

	2017	
	Expiry date	
	Within 12 months Baht	Over 12 months Baht
Accrued employee benefits	-	39,308,535
Accrued commission expenses	-	-
Leasehold demolishing cost	-	5,219,492
IBNR	34,220,542	-
	<u>34,220,542</u>	<u>44,528,027</u>
	2016	
	Expiry date	
	Within 12 months Baht	Over 12 months Baht
Accrued employee benefits	12,151,820	57,823,255
Accrued commission expenses	9,914,587	-
Leasehold demolishing cost	-	18,277,724
IBNR	84,403,815	-
	<u>106,470,222</u>	<u>76,100,979</u>

19 Share - based payment

Chubb Limited (Parent Company), which is listed on the New York Stock Exchange, has a stock option plan, a restricted stock plan and an employee share participation plan. As at 31 December 2017, total liabilities for share-based payment are amounted to THB 53,906,007 (2016: THB 45,501,613).

Stock Option Plan

Under Chubb Limited's long-term incentive plan, restrictive share options were granted to eligible employees of the Company. The exercisable price of these options is the fair market value at grant date. These options vest at various dates over a 3 year period from the grant date and any unvested options are cancelled on termination of employment. This plan is a group scheme with expenses incurred under the scheme charged out by Chubb Limited to the Company on an annual basis. Any option not exercised or cancelled pursuant to the terms of plan will be forfeited by the tenth anniversary from the date of grant. The total value of the options granted during the year 2017 was USD 504,050 (2016: USD 471,797).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2017		2016	
	Average exercise price per share (USD)	Options (Shares)	Average exercise price per share (USD)	Options (Shares)
At 1 January	111.05	8,868	101.91	8,834
Granted	139.01	3,626	118.39	3,985
Exercised	139.76	(845)	120.52	(2,364)
Forfeited	-	(264)	-	(1,325)
Expired	-	(54)	-	(262)
At 31 December	120.45	11,331	111.05	8,868

As at 31 December 2017, out of the 11,331 outstanding options (2016: 8,868 options), 4,387 options (2016: 2,260 options) were exercisable.

For exercised options during the year ended 31 December 2017, the weighted-average fair value of stock was USD 139.76 per share (2016: USD 120.52 per share).

19 Share - based payment (Cont'd)

Share options outstanding as at 31 December 2017 and 2016 have the following expiry date and exercise prices:

Expiry year	Exercise price per share (USD)	Options (Shares)	
		2017	2016
2018	60.28	-	-
2019	38.51	-	-
2020	50.37	-	-
2021	62.64	-	90
2022	73.35	52	52
2023	85.39	201	218
2024	96.76	1,488	1,817
2025	114.78	2,650	3,104
2026	118.39	3,350	3,587
2027	139.01	3,590	-
Outstanding balance		11,331	8,868

The weighted average fair value of options granted during the period are determined using the Black-Scholes option-pricing valuation model was USD 22.96 per option (2016: USD 21.52). The significant inputs into the model were exercise price of USD 139.01 (2016: USD 118.39) at the grant date, the exercise price shown above, volatility of 19.72% (2016: 24.18%), dividend yield of 2.04% (2016: 2.26%), an expected option life of 10 years and an annual risk-free interest rate of 1.99% (2016: 1.28%).

Restricted Stock Plan

Under Chubb Limited's long-term incentive plan, there were 2,720 restricted stock, with weighted average fair value at USD 139.01 per shares, awarded to eligible employees during the year ended 31 December 2017 (2016: 2,995 restricted stock, with weighted average fair value at USD 118.39 per shares). These shares vest at various dates over a 4 year period from the grant dates and any unvested shares are cancelled on termination of the employment of the eligible employees. This plan is a group scheme with expenses incurred under the scheme charged out by Chubb Limited to the Company on an annual basis. The annual expense is based on an amortised calculation that is reflective of the current year's expense portion of all restricted stock grants issued in the current and prior years, and is consistent with the treatment required by TFRS 2: Share-based payment. There is liability to the Company for the unamortised portion of the restrictive stock grants issued. The amortised calculation incorporates the fair market value of Chubb Limited's common stock in determining the expense amount. Expected future dividend payments in relation to the restrictive stock grants issued are made directly by Chubb Limited to the eligible employees. The total expense for the year 2017 was Baht 10,235,974 (2016: Baht 8,016,245).

Employee Share Participation Plan

The Company collects money from local eligible employees and acquires ordinary shares in Chubb Limited on behalf of the employees on a bi-annual basis. Annual purchases by eligible employees are limited at USD 25,000. The price paid by the eligible employees is set at a discount of 15% to the fair value of the ordinary shares at the date of acquisition; this discount is incurred at the group level by Chubb Limited and not charged to the Company. During the year 2017, employees paid for purchase of ordinary shares of Chubb Limited was Baht 1,828,300 (2016: 1,869,684).

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20 Operating expenses

	2017 Baht	2016 Baht
Employee expenses not relating to underwriting and claim management expenses	241,156,994	220,702,144
Property and equipment expenses not relating to underwriting expenses	92,326,979	88,334,485
Tax expenses	851,962	658,719
Selling and administrative expense	138,757,590	131,018,754
Other operating expenses	21,128,205	17,491,613
Total operating expenses	494,221,730	458,205,715

21 Employee benefit expenses

	2017 Baht	2016 Baht
Salary	165,194,310	152,954,885
Social security fund	1,507,650	1,690,587
Contribution to defined benefit plan	6,382,376	4,435,064
Bonus	53,690,462	41,819,330
Other employee benefit expenses	44,019,073	43,937,833
Total employee benefit expenses	270,793,871	244,837,699

22 Income tax expenses

	2017 Baht	2016 Baht
Current tax:		
Current income tax on taxable profits for the year	50,544,648	17,578,072
Total current tax	50,544,648	17,578,072
Deferred tax:		
Increase in deferred tax assets (Note 18)	(23,570,174)	-
Total deferred tax	(23,570,174)	-
Total income tax expenses	26,794,474	17,578,072

Below is a reconciliation between effective tax rate and income tax rate used.

	2017 %	2016 %
Income tax rate used	20	20
Temporary difference		
Commission and brokerages	-	2
Insurance claims	2	6
Other	-	4
Permanent difference	-	-
Tax loss carried forward	-	-
Effective tax rate	22	32

Income tax rate used for 2017 is 20% (2016: 20%).

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23 Tax effects from other comprehensive income

	2017			2016		
	Before tax Baht	Tax benefit (expense) Baht	Net of tax Baht	Before tax Baht	Tax benefit (expense) Baht	Net of tax Baht
Remeasurement of post-employment benefit obligations	3,810,924	(762,185)	3,048,739	-	-	-
Change in value of available-for-sale investments	342,399,618	(68,479,924)	273,919,694	(119,865,220)	23,973,044	(95,892,176)
Total	346,210,542	(69,242,109)	276,968,433	(119,865,220)	23,973,044	(95,892,176)

24 Share capital

	Ordinary shares	
	Number of shares	Baht
At 31 December 2015	139,025,000	1,390,250,000
Issue of shares	-	-
At 31 December 2016	139,025,000	1,390,250,000
Issue of shares	-	-
At 31 December 2017	139,025,000	1,390,250,000

25 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2017	2016
Net profit for the year (Baht)	206,713,784	36,905,695
Weighted average number of ordinary shares in issue during the year (shares)	139,025,000	139,025,000
Basic earnings per share (Baht)	1.49	0.27

There are no potential dilutive ordinary shares issued for the years ended 31 December 2017 and 2016.

26 Related party transactions

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.

The related party transactions are mainly transacted with the group companies of Chubb Limited as follows:

a) Statements of comprehensive income

	2017	2016
	Baht	Baht
Affiliates of Chubb Limited		
Premiums ceded to reinsurers		
Chubb Tempest Reinsurance Ltd.	3,704,165	1,844,483
Commissions and brokerages		
Chubb Samaggi Insurance PLC	1,958,727	-
ACE INA Overseas Insurance Company Limited	-	3,605,649
Operating expenses		
Chubb Samaggi Insurance PLC	7,516,174	-
ACE INA Overseas Insurance Company Limited	-	15,574,770
Chubb Asia Pacific PTE. Ltd. (Formerly "ACE Asia Pacific Service PTE. Ltd.")	5,290,302	4,374,158
Chubb America Insurance Company	453,751	2,370,000
Chubb Group Holdings, Inc.	125,928	(333,335)

b) Statements of financial position

	2017	2016
	Baht	Baht
Assets		
Parent Company		
Other assets		
Chubb Limited	988,753	11,098,612
Affiliates of Chubb Limited		
Other assets		
Chubb INA International Holding Limited	1,666,551	198,278
Chubb Life Insurance Company	-	1,851,646
ACE Life Legal and Compliance	1,946	1,946
Chubb INA Holdings, Inc.	-	370,220
	2,657,250	13,520,702

26 Related party transactions (Cont'd)

The related party transactions are mainly transacted with the group companies of Chubb Limited as follows: (Cont'd)

b) Statements of financial position (Cont'd)

	2017	2016
	Baht	Baht
Liabilities		
Parent Company		
Other accrued employee benefits Chubb Limited	53,906,007	45,501,613
Affiliates of Chubb Limited		
Amount due to reinsurance Chubb Tempest Reinsurance Ltd.	9,789,839	6,085,674
Other liabilities		
Chubb INA International Holding Limited	51,445	53,206
Chubb Services U.K. Limited	-	280,818
Chubb America Insurance Company	2,823,751	2,370,000
Other creditors		
Chubb Asia Pacific PTE. Ltd. (Formerly "ACE Asia Pacific Service PTE. Ltd.")	735,014	173,742
Chubb INA International Holding Limited	73,038	73,038
Chubb Samaggi Insurance PLC	102,501	-
ACE INA Overseas Insurance Company Limited	-	574,338
Accrued commission expenses		
Chubb Samaggi Insurance PLC	1,035,446	-
ACE INA Overseas Insurance Company Limited	-	416,813
Accrued expenses		
Chubb Samaggi Insurance PLC	4,194,248	-
ACE INA Overseas Insurance Company Limited	-	1,058,373
Chubb Group Holdings, Inc.	325,413	145,413
	<u>73,036,702</u>	<u>56,733,028</u>

27 Key management's compensation

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Company. Their compensations for the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
	Baht	Baht
Short-term employee benefits	70,192,065	60,632,372
Long-term employee benefits	191,358	275,823
Total	<u>70,383,423</u>	<u>60,908,195</u>

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28 Assets deposited with Insurance Registrar

As at 31 December 2017 and 2016, the Company deposited certain assets with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act (No. 2) Section 20 B.E. 2551 as follows:

	Carrying value	
	2017 Baht	2016 Baht
Government bonds	32,005,941	30,542,127

29 Assets pledged as reserve with registrar

As at 31 December 2017 and 2016, the following assets have been pledged as life assurance policy reserve with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act (No. 2) Section 24 B.E. 2551 as follows:

	Carrying value	
	2017 Baht	2016 Baht
Government bonds	1,946,239,533	1,874,616,321

30 Contribution to Life Insurance Fund

In compliance with the Life Insurance Act B.E. 2535, as at 31 December 2017, the Company had cumulative contribution to Life Insurance Fund amounted to Baht 28,169,891 (31 December 2016: Baht 23,884,308).

31 Commitments

The Company has commitments relating to operating leases for office and service agreements as follows:

	2017		
	Operating lease Baht	Service agreement Baht	Total Baht
Due within 1 year	26,467,180	4,473,232	30,940,412
Due more than 1 year but no later than 5 years	2,262,500	1,035,361	3,297,861
	<u>28,729,680</u>	<u>5,508,593</u>	<u>34,238,273</u>
	2016		
	Operating lease Baht	Service agreement Baht	Total Baht
Due within 1 year	26,731,956	3,171,043	29,902,999
Due more than 1 year but no later than 5 years	25,695,258	400,000	26,095,258
	<u>52,427,214</u>	<u>3,571,043</u>	<u>55,998,257</u>