

CHUBB LIFE ASSURANCE PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2018



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of Chubb Life Assurance Public Company Limited

I have reviewed the interim financial information of Chubb Life Assurance Public Company Limited, which comprises the statement of financial position as at 30 September 2018, and the related statements of comprehensive income for the three-month and nine-month periods then ended, changes in equity, and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

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

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
8 November 2018

Chubb Life Assurance Public Company Limited
Statement of Financial Position
As at 30 September 2018

		(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
Assets			
Cash and cash equivalents	5	230,052,094	544,071,294
Premium receivable	6	359,817,452	356,355,067
Accrued investment income		145,293,131	89,888,919
Amount due from reinsurance	7	18,098,740	25,510,357
Invested assets			
Investments in securities	4, 8, 22, 23	10,606,837,513	9,842,472,224
Policy loans	9	261,250,666	227,811,539
Equipment - net	10	36,485,290	33,446,607
Intangible assets - net	11	125,566,275	127,716,115
Other assets	12, 20	122,438,329	34,598,424
Total assets		11,905,839,490	11,281,870,546




Directors

CHUBB®

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

The accompanying condensed notes to interim financial information are an integral part of this interim financial information.

Chubb Life Assurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2018

		(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
Liabilities and equity			
Liabilities			
Insurance liabilities	13	9,588,687,077	8,706,045,141
Amount due to reinsurance	14, 20	31,043,243	54,317,725
Income tax payable		9,792,442	31,967,283
Employee benefits obligation		34,134,344	31,475,580
Deferred tax liabilities	15	115,575,458	180,269,941
Other liabilities	20	18,483,746	22,348,224
Other accrued employee benefits	20	105,828,097	79,757,598
Other creditors	20	62,055,635	12,403,898
Accrued commission expenses	20	144,177,758	145,727,318
Accrued expenses	20	324,127,384	242,045,385
Total liabilities		<u>10,433,905,184</u>	<u>9,506,358,093</u>
Equity			
Share capital	16		
Registered			
139,025,000 ordinary shares of Baht 10 per share		<u>1,390,250,000</u>	<u>1,390,250,000</u>
Issued and paid-up			
139,025,000 ordinary shares of Baht 10 per share		1,390,250,000	1,390,250,000
Deficits		(385,870,683)	(426,357,528)
Other components of equity			
Change in value of available-for-sale investments - net of tax		468,246,727	812,311,719
Remeasurements of employee benefit obligations - net of tax		<u>(691,738)</u>	<u>(691,738)</u>
Total equity		<u>1,471,934,306</u>	<u>1,775,512,453</u>
Total liabilities and equity		<u>11,905,839,490</u>	<u>11,281,870,546</u>

The accompanying condensed notes to interim financial information are an integral part of this interim financial information.

Chubb Life Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 September 2018

	Notes	2018 Baht	2017 Baht
Revenue			
Gross written premiums		1,327,216,979	1,041,142,854
<u>Less</u> premiums ceded to reinsurers	20	<u>(22,125,953)</u>	<u>(18,104,759)</u>
Net written premiums		1,305,091,026	1,023,038,095
<u>Add(Less)</u> net change in unearned premium reserve		<u>(97,736)</u>	<u>146,647</u>
Net earned premiums		1,304,993,290	1,023,184,742
Fee and commission income		2,689,247	2,648,437
Net investment income		99,314,753	87,038,990
Other income		<u>3,506</u>	<u>110,461</u>
Total revenue		<u>1,407,000,796</u>	<u>1,112,982,630</u>
Expenses			
Change in long-term technical reserve		315,340,397	182,537,591
Gross benefits and claim paid		321,347,350	293,893,322
<u>Add(Less)</u> benefits and claim paid recovered from reinsurers		<u>(13,246,759)</u>	<u>2,170,276</u>
Commissions and brokerages	20	581,154,011	430,315,695
Other underwriting expenses		13,530,123	12,516,673
Operating expenses	17, 18, 20	<u>139,187,952</u>	<u>130,034,040</u>
Total expenses		<u>1,357,313,074</u>	<u>1,051,467,597</u>
Profit before income tax		49,687,722	61,515,033
Income tax expense		<u>(23,098,417)</u>	<u>(12,435,058)</u>
Net profit		<u>26,589,305</u>	<u>49,079,975</u>

The accompanying condensed notes to the interim financial information are an integral part of this interim financial information.

Chubb Life Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 30 September 2018

	<u>Note</u>	<u>2018</u> <u>Baht</u>	<u>2017</u> <u>Baht</u>
Other comprehensive income (loss)			
<u>Items that will be reclassified subsequently</u>			
<u>to profit or loss</u>			
Change in value of available-for-sale investments		(65,239,103)	211,568,050
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		<u>13,047,821</u>	<u>(42,313,610)</u>
Total items that will be reclassified subsequently to profit or loss		<u>(52,191,282)</u>	<u>169,254,440</u>
Other comprehensive income (loss) for the period - net of tax		<u>(52,191,282)</u>	<u>169,254,440</u>
Total comprehensive income (loss) for the period - net of tax		<u><u>(25,601,977)</u></u>	<u><u>218,334,415</u></u>
Earnings per share	19		
Basic earnings per share		<u><u>0.19</u></u>	<u><u>0.35</u></u>

The accompanying condensed notes to the interim financial information are an integral part of this interim financial information.

Chubb Life Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the nine-month period ended 30 September 2018

	Notes	2018 Baht	2017 Baht
Revenue			
Gross written premiums		3,689,939,855	2,952,965,613
<u>Less</u> premiums ceded to reinsurers	20	<u>(62,874,052)</u>	<u>(77,092,455)</u>
Net written premiums		3,627,065,803	2,875,873,158
<u>Less</u> net change in unearned premium reserve		<u>(47,831,537)</u>	<u>(27,474,345)</u>
Net earned premiums		3,579,234,266	2,848,398,813
Fee and commission income		8,118,922	4,212,867
Net investment income		283,200,321	248,609,145
Other income		<u>320,360</u>	<u>118,075</u>
Total revenue		<u>3,870,873,869</u>	<u>3,101,338,900</u>
Expenses			
Change in long-term technical reserve		764,246,378	502,849,192
Gross benefits and claim paid		1,001,992,790	872,751,347
<u>Less</u> benefits and claim paid recovered from reinsurers		<u>(29,639,044)</u>	<u>(39,678,585)</u>
Commissions and brokerages	20	1,592,752,746	1,190,184,894
Other underwriting expenses		41,229,394	35,952,433
Operating expenses	17, 18, 20	<u>421,897,822</u>	<u>377,570,919</u>
Total expenses		<u>3,792,480,086</u>	<u>2,939,630,200</u>
Profit before income tax		78,393,783	161,708,700
Income tax expense		<u>(37,906,938)</u>	<u>(32,598,870)</u>
Net profit		<u>40,486,845</u>	<u>129,109,830</u>

The accompanying condensed notes to the interim financial information are an integral part of this interim financial information.

Chubb Life Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2018

	Note	2018 Baht	2017 Baht
Other comprehensive income (loss)			
<u>Items that will be reclassified subsequently to profit or loss</u>			
Changes in value of available-for-sale investments		(430,081,240)	328,673,390
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		<u>86,016,248</u>	<u>(65,734,678)</u>
Total items that will be reclassified subsequently to profit or loss		<u>(344,064,992)</u>	<u>262,938,712</u>
Other comprehensive income (loss) for the period, net of tax		<u>(344,064,992)</u>	<u>262,938,712</u>
Total comprehensive income (loss) for the period, net of tax		<u><u>(303,578,147)</u></u>	<u><u>392,048,542</u></u>
Earnings per share	19		
Basic earnings per share		<u><u>0.29</u></u>	<u><u>0.93</u></u>

The accompanying condensed notes to the interim financial information are an integral part of this interim financial information.

Chubb Life Assurance Public Company Limited
Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 September 2018

	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 employee benefit obligations - net of tax	Other reserve	Change in value of available-for-sale investments - net of tax	Remeasurement of employee benefit obligations - net of tax	Other reserve	Total other components of equity	Total
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2018	1,390,250,000	(426,357,528)	812,311,719	(691,738)	-	811,619,981	-	-	811,619,981	1,775,512,453
Net profit	-	40,486,845	-	-	-	-	-	-	-	40,486,845
Equity-settled share-based payment	-	-	-	-	12,285,937	12,285,937	-	-	12,285,937	12,285,937
Share-based payment reclassified to liabilities	-	-	-	-	(12,285,937)	(12,285,937)	-	-	(12,285,937)	(12,285,937)
Change in value of available-for-sale investments	-	-	(344,064,992)	-	-	(344,064,992)	-	-	(344,064,992)	(344,064,992)
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Ending balance as at 30 September 2018	1,390,250,000	(385,870,683)	468,246,727	(691,738)	-	467,554,989	-	-	467,554,989	1,471,934,306
Beginning balance as at 1 January 2017	1,390,250,000	(633,071,312)	538,392,025	(3,740,477)	-	534,651,548	-	-	534,651,548	1,291,830,236
Net profit	-	129,109,830	-	-	-	-	-	-	-	129,109,830
Equity-settled share-based payment	-	-	-	-	9,255,856	9,255,856	-	-	9,255,856	9,255,856
Share-based payment reclassified to liabilities	-	-	-	-	(9,255,856)	(9,255,856)	-	-	(9,255,856)	(9,255,856)
Change in value of available-for-sale investments	-	-	262,938,712	-	-	262,938,712	-	-	262,938,712	262,938,712
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Ending balance as at 30 September 2017	1,390,250,000	(503,961,482)	801,330,737	(3,740,477)	-	797,590,260	-	-	797,590,260	1,683,878,778

The accompanying condensed notes to the interim financial information are an integral part of this interim financial information.

Chubb Life Assurance Public Company Limited
Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2018

	Note	2018	2017
		Baht	Baht
Cash flows provided by (used in) operating activities			
Written premium received from direct insurance		3,650,727,907	3,009,123,286
Cash paid to reinsurance		(40,978,951)	(47,704,224)
Net investment income		244,433,422	218,499,631
Other income		317,361	118,075
Gross benefits and claim paid from direct insurance		(936,092,551)	(841,620,292)
Commissions and brokerages from direct insurance		(1,616,867,852)	(1,231,707,740)
Other underwriting expenses		(42,119,222)	(37,148,789)
Operating expenses		(339,111,417)	(292,536,649)
Income tax expense		(41,318,330)	(25,626,943)
Cash received in relation to investment in securities		20,003,967	4,430,317
Cash paid in relation to investment in securities		(1,190,482,763)	(956,986,035)
Cash received in relation to policy loans		86,432,568	65,849,088
Cash paid in relation to policy loans		(79,525,240)	(102,839,106)
Net cash used in operating activities		(284,581,101)	(238,149,381)
Cash flows provided by (used in) investing activities			
Cash received in relation to equipment		25,850	-
Cash paid in relation to equipment		(10,641,027)	(4,470,953)
Cash paid in relation to computer software	11	(18,822,922)	(19,233,205)
Net cash used in investing activities		(29,438,099)	(23,704,158)
Net decrease in cash and cash equivalents		(314,019,200)	(261,853,539)
Cash and cash equivalents at beginning of period		544,071,294	433,598,319
Cash and cash equivalents at end of period		230,052,094	171,744,780

Non-cash transaction

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

Payable from purchasing equipment	795,224	4,611,807
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The accompanying condensed notes to interim financial information are an integral part of this interim financial information.

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.

The address of its registered office is as follows:

130 - 132 Sindhorn Tower 1, 11th - 12th Floor, 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 interim financial information has been authorised for issue by the Board of Directors on 8 November 2018.

The interim financial information has been reviewed, but not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. In addition the interim financial information has been prepared based on the format of life insurance interim financial statement 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 notes to the financial information are prepared in a condensed format. Additional notes are prepared as required by aforementioned OIC Notification.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 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.

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 Company has applied the above revised standards.

2.2.2 New financial reporting standard which is effective for annual periods beginning on or after 1 January 2019 and is relevant to the Company. The Company has not yet adopted this revised standard.

TFRS 15	Revenue from contracts with customers
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TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
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
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services

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.
- An entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2 Accounting policies (Cont'd)

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

2.2.2 New financial reporting standard which is effective for annual periods beginning on or after 1 January 2019 and is relevant to the Company. The Company has not yet adopted this revised standard. (Cont'd)

An entity recognises revenue in accordance with that core principle by applying the following steps:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations in the contract
- 3) Determine the transaction price
- 4) Allocate the transaction price to the performance obligations in the contract
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation

Entities 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 Company will first apply this standard for annual reporting periods beginning on or after 1 January 2019. Management is currently assessing the impact from initial application of this standard in detail.

2.2.3 The group of financial reporting standards relating to financial instruments which are effective for annual periods beginning on or after 1 January 2020 and is relevant to the Company. The Company has not yet adopted these new standards.

The group of financial reporting standards relating to financial instruments consist of the following standards:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

2 Accounting policies (Cont'd)

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

2.2.3 The group of financial reporting standards relating to financial instruments which are effective for annual periods beginning on or after 1 January 2020 and is relevant to the Company. The Company has not yet adopted these new standards. (Cont'd)

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.

2 Accounting policies (Cont'd)

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

2.2.3 The group of financial reporting standards relating to financial instruments which are effective for annual periods beginning on or after 1 January 2020 and is relevant to the Company. The Company has not yet adopted these new standards. (Cont'd)

IFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow: (Cont'd)

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in IFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the Group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

IFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with IFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Company's management is currently assessing the impact of initial adoption of these standards.

3 Estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets of liabilities.
- Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's assets that are measured and recognised at fair value as at 30 September 2018 and 31 December 2017.

	30 September 2018 (Unaudited)			
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Investments in securities				
- Government and state enterprise securities	-	8,510,775,922	-	8,510,775,922
- Private enterprise securities	-	2,096,061,591	-	2,096,061,591
Total assets	-	10,606,837,513	-	10,606,837,513
	31 December 2017 (Audited)			
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Investments in securities				
- Government and state enterprise securities	-	8,162,500,625	-	8,162,500,625
- Private enterprise securities	-	1,679,971,599	-	1,679,971,599
Total assets	-	9,842,472,224	-	9,842,472,224

There were no transfers between Levels during the period.

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.

5 Cash and cash equivalents

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Cash	119,500	123,800
Deposits held at call with bank	229,932,594	543,947,494
Total cash and cash equivalents	230,052,094	544,071,294

6 Premium receivable

As at 30 September 2018 and 31 December 2017, the balances of premium receivable are aged as follows:

	From direct insurance	
	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Current	359,817,452	356,355,067
Overdue	-	-
Total premium receivable	359,817,452	356,355,067

7 Amount due from reinsurance

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Due from reinsurers	18,098,740	25,510,357
Total amount due from reinsurance	18,098,740	25,510,357

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8 Investments in securities

Available-for-sale

	30 September 2018 (Unaudited)		31 December 2017 (Audited)	
	Unrealised gains on changes in fair value of investments		Unrealised gains on changes in fair value of investments	
	Cost Baht	Fair value Baht	Cost Baht	Fair value Baht
Government and state enterprise securities	7,911,305,057	8,437,805,077	7,179,631,414	8,088,893,627
Government bonds	60,184,865	72,970,845	60,420,992	73,606,998
Debtentures				
Private enterprise securities	2,050,039,181	2,096,061,591	1,587,030,168	1,679,971,599
Debtentures				
Total available-for-sale	10,021,529,103	10,606,837,513	8,827,082,574	9,842,472,224

The Company disclosed information regarding the restricted amount of investments in Notes 22 and 23.

During the period ended 30 September 2018, the Company recognised interest income amounted to Baht 281,736,382 (30 September 2017: Baht 248,266,467).

During the period ended 30 September 2018, the Company has no sales of available-for-sale investments (30 September 2017: Nil).

9 Policy loans

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

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Principal Baht	Accrued interest income Baht	Total Baht	Principal Baht	Accrued interest income Baht	Total Baht
Current	261,250,666	32,333,199	293,583,865	227,811,539	25,948,681	253,760,220
Overdue	-	-	-	-	-	-
Total	261,250,666	32,333,199	293,583,865	227,811,539	25,948,681	253,760,220
Less Allowance for doubtful accounts	-	-	-	-	-	-
Policy loans - net	261,250,666	32,333,199	293,583,865	227,811,539	25,948,681	253,760,220

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

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

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10 Equipment - net

	30 September 2018 (Unaudited)							Net balance Baht				
	Cost			Accumulated depreciation								
	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	39,732,352	-	-	-	828,526	40,560,878	23,539,349	2,124,847	-	-	25,664,196	14,896,682
Leasehold improvements in progress	230,728	1,358,886	-	-	(1,502,630)	86,984	-	-	-	-	-	86,984
Office equipment	18,897,678	240,951	(133,610)	(23,005)	66,704	19,048,718	16,278,462	1,016,517	(118,299)	(23,004)	17,153,676	1,895,042
Furniture & fixtures	4,735,566	98,377	-	-	607,400	5,441,343	3,685,255	175,916	-	-	3,861,171	1,580,172
Computers and hardware	35,420,268	2,069,261	-	-	-	37,489,529	22,066,919	3,863,601	-	-	25,930,520	11,559,009
Hardware in progress	-	6,467,401	-	-	-	6,467,401	-	-	-	-	-	6,467,401
Total	99,016,592	10,234,876	(133,610)	(23,005)	-	109,094,853	65,569,985	7,180,881	(118,299)	(23,004)	72,609,563	36,485,290

	31 December 2017 (Audited)							Net balance Baht				
	Cost			Accumulated depreciation								
	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 and hardware	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

11 Intangible assets - net

Intangible assets as at 30 September 2018 and 31 December 2017 comprised:

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Computer software beginning balance - net	127,692,040	90,512,427
Additions	15,528,961	13,809,084
Transfer in	668,991	44,232,982
Amortization charges	<u>(20,972,762)</u>	<u>(20,862,453)</u>
Computer software ending balance - net	<u>122,917,230</u>	<u>127,692,040</u>
Computer software in progress beginning balance - net	24,075	32,919,340
Additions	3,293,961	11,337,717
Transfer out	<u>(668,991)</u>	<u>(44,232,982)</u>
Computer software in progress ending balance - net	<u>2,649,045</u>	<u>24,075</u>
Total intangible assets - net	<u>125,566,275</u>	<u>127,716,115</u>

12 Other assets

Other assets as at 30 September 2018 and 31 December 2017 comprised:

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Security and deposits	8,855,356	8,855,656
Prepaid tax	2,559,853	1,537
Prepaid expense	107,231,830	20,302,533
Others	<u>3,791,290</u>	<u>5,438,698</u>
Total other assets	<u>122,438,329</u>	<u>34,598,424</u>

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13 Insurance liabilities

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
Long-term technical reserves	8,810,124,461	-	8,810,124,461	8,045,878,084	-	8,045,878,084
Claim liability						
- Reported claim	177,340,338	(8,602,880)	168,737,458	139,728,351	(2,042,409)	137,685,942
- Claims incurred but not reported	99,158,182	-	99,158,182	85,966,728	-	85,966,728
Premium liability						
- Unearned premium reserve	290,932,875	-	290,932,875	243,101,338	-	243,101,338
Unpaid policy benefits	194,424,741	(26,987,138)	167,437,603	180,393,632	(50,634,117)	129,759,515
Due to insured	16,706,480	-	16,706,480	10,977,008	-	10,977,008
Total	9,588,687,077	(35,590,018)	9,553,097,059	8,706,045,141	(52,676,526)	8,653,368,615

The Company's unexpired risk reserve (URR) is lower than unearned premium reserve (UPR), so no disclosure for unexpired risk reserve required.

13 Insurance liabilities (Cont'd)

13.1 Long-term technical reserves

The movement of long-term technical reserves are as follows:

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	8,045,878,084	7,164,880,588
Policy reserve movement for new policies and inforce policies during the period/year	1,011,696,209	1,135,182,908
Net movement in benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claims	<u>(247,449,832)</u>	<u>(254,185,412)</u>
Closing balance at the end of period/year	<u>8,810,124,461</u>	<u>8,045,878,084</u>

13.2 Short-term technical reserves

The movement of short-term technical reserves are as follows:

13.2.1 Claim liability

The movement of claim liability are as follows:

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	225,695,079	194,985,054
Insurance claims and loss adjustment expenses incurred during the period/year	553,651,553	620,447,600
Change in claim reserve and assumptions	13,191,454	1,562,913
Insurance claims and loss adjustment expenses paid during the period/year	<u>(516,039,566)</u>	<u>(591,300,488)</u>
Closing balance at the end of period/year	<u>276,498,520</u>	<u>225,695,079</u>

13 Insurance liabilities (Cont'd)

13.2 Short-term technical reserves (Cont'd)

The movement of short-term technical reserves are as follows: (Cont'd)

13.2.2 Unearned premium reserve

The movement of unearned premium reserve are as follows:

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	243,101,338	214,729,615
Premium written for the period/year	1,742,931,592	1,920,300,163
Premium earned in the period/year	<u>(1,695,100,055)</u>	<u>(1,891,928,440)</u>
Closing balance at the end of period/ year	<u>290,932,875</u>	<u>243,101,338</u>

13.3 Unpaid policy benefits

The details of unpaid policy benefits are as follows:

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Death benefits	32,526,628	34,389,194
Coupon	135,485,196	122,171,718
Expired cheque	<u>26,412,917</u>	<u>23,832,720</u>
Total	<u>194,424,741</u>	<u>180,393,632</u>

14 Amount due to reinsurance

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Outward premium payable	<u>31,043,243</u>	<u>54,317,725</u>
Total amount due to reinsurance	<u>31,043,243</u>	<u>54,317,725</u>

15 Deferred income taxes

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

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 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	1,486,224	2,969,103
	<u>1,486,224</u>	<u>22,807,989</u>
Deferred tax liabilities:		
Deferred tax liability to be settled within 12 months	(489,996)	(20,001)
Deferred tax liability to be settled after 12 months	(116,571,686)	(203,057,929)
	<u>(117,061,682)</u>	<u>(203,077,930)</u>
Deferred tax assets (liabilities) - net	<u>(115,575,458)</u>	<u>(180,269,941)</u>

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

	Accrued employee benefits Baht	Accrued commission expenses Baht	IBNR Baht	Total Baht
Deferred tax assets				
At 1 January 2018	7,480,376	1,993,472	13,334,141	22,807,989
Decrease to profit or loss	(5,994,152)	(1,993,472)	(13,334,141)	(21,321,765)
At 30 September 2018	<u>1,486,224</u>	<u>-</u>	<u>-</u>	<u>1,486,224</u>
Deferred tax liabilities				
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>
			Unrealised gains on changes in fair value of investments Baht	Total Baht
At 1 January 2018			203,077,930	203,077,930
Decrease to other comprehensive income (loss)			(86,016,248)	(86,016,248)
At 30 September 2018			<u>117,061,682</u>	<u>117,061,682</u>
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>

15 Deferred income taxes (Cont'd)

As at 30 September 2018 and 31 December 2017, the Company had unutilised deductible temporary tax difference that the Company did not recognise as deferred tax assets in the financial statements as follows:

	(Unaudited)	
	30 September 2018	
	Expiry date	
	Within 12 months	Over 12 months
	Baht	Baht
Accrued employee expenses	31,192,210	53,031,789
Accrued commission expenses	8,168,797	-
Leasehold demolishing cost	-	5,575,970
IBNR	111,967,353	-
	151,328,360	58,607,759

	(Audited)	
	31 December 2017	
	Expiry date	
	Within 12 months	Over 12 months
	Baht	Baht
Accrued employee expenses	-	39,308,535
Leasehold demolishing cost	-	5,219,492
IBNR	34,220,542	-
	34,220,542	44,528,027

16 Share capital

	Ordinary shares	
	Number	Baht
	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
Issue of shares	-	-
At 30 September 2018	139,025,000	1,390,250,000

17 Operating expenses

	(Unaudited)	
	For the three-month periods ended	
	30 September	30 September
	2018	2017
	Baht	Baht
Employee expenses not relating to underwriting expenses, and claim management expenses	64,348,765	63,079,734
Property and equipment expenses not relating to underwriting expenses	28,461,109	26,025,505
Tax expenses	131,377	258,945
Selling and administrative expenses	39,696,373	34,864,283
Other operating expenses	6,550,328	5,805,573
Total operating expenses	139,187,952	130,034,040

	(Unaudited)	
	For the nine-month periods ended	
	30 September	30 September
	2018	2017
	Baht	Baht
Employee expenses not relating to underwriting expenses, and claim management expenses	207,963,943	188,420,523
Property and equipment expenses not relating to underwriting expenses	81,021,609	74,254,951
Tax expenses	679,762	716,822
Selling and administrative expenses	115,244,239	98,174,527
Other operating expenses	16,988,269	16,004,096
Total operating expenses	421,897,822	377,570,919

18 Employee benefit expenses

	(Unaudited)	
	For the three-month periods ended	
	30 September	30 September
	2018	2017
	Baht	Baht
Salary	45,313,704	41,997,160
Social security fund	376,941	373,109
Contribution to employee benefit project	2,110,719	1,809,652
Bonus	14,891,197	15,575,955
Other employee benefit expenses	10,043,965	10,835,110
Total employee benefit expenses	72,736,526	70,590,986

18 Employee benefit expenses (Cont'd)

	(Unaudited)	
	For the nine-month periods ended	
	30 September 2018 Baht	30 September 2017 Baht
Salary	140,462,928	121,342,644
Social security fund	1,119,835	1,142,172
Contribution to employee benefit project	6,063,994	4,398,063
Bonus	52,313,249	48,537,658
Other employee benefit expenses	32,860,255	35,349,696
Total employee benefit expenses	232,820,261	210,770,233

19 Earnings per share

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

	(Unaudited)	
	For the three-month periods ended	
	30 September 2018	30 September 2017
Net profit for the period (Baht)	26,589,305	49,079,975
Weighted average number of ordinary shares in issue during the period (shares)	139,025,000	139,025,000
Basic earnings per share (Baht)	0.19	0.35

	(Unaudited)	
	For the nine-month periods ended	
	30 September 2018	30 September 2017
Net profit for the period (Baht)	40,486,845	129,109,830
Weighted average number of ordinary shares in issue during the period (shares)	139,025,000	139,025,000
Basic earnings per share (Baht)	0.29	0.93

There are no potential dilutive ordinary shares in issue for the periods ended 30 September 2018 and 2017.

20 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

	(Unaudited) For the three-month periods ended		(Unaudited) For the nine-month periods ended	
	30 September 2018 Baht	30 September 2017 Baht	30 September 2018 Baht	30 September 2017 Baht
Affiliates of Chubb Limited				
Premium ceded to reinsurers				
Chubb Tempest Reinsurance Ltd.	806,480	603,322	1,859,200	2,979,504
Commissions and brokerages				
Chubb Samaggi Insurance PLC	1,304,012	480,894	1,963,278	1,412,156
Operating expenses				
Chubb Samaggi Insurance PLC	1,871,752	1,051,160	4,769,921	5,088,343
Chubb Asia Pacific PTE. Ltd.	1,737,978	1,304,054	5,202,302	3,986,249
Chubb America Insurance Company	-	2,029,020	1,103,319	2,973,355
Chubb Group Holdings, Inc.	45,000	60,354	135,000	150,354

20 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

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Assets		
Parent Company		
Other assets		
Chubb Limited	-	988,753
Affiliates of Chubb Limited		
Other assets		
Chubb INA International Holdings Limited	1,817,314	1,666,551
ACE Life Legal and Compliance	1,946	1,946
Chubb Asia Pacific PTE. Ltd.	796,994	-
	<u>2,616,254</u>	<u>2,657,250</u>
Liabilities		
Parent Company		
Other accrued employee benefits		
Chubb Limited	66,191,944	53,906,007
Affiliates of Chubb Limited		
Amount due to reinsurance		
Chubb Tempest Reinsurance Ltd.	806,480	9,789,839
Other liabilities		
Chubb INA International Holdings Limited	50,738	51,445
Chubb America Insurance Company	3,927,069	2,823,751
Other creditors		
Chubb Asia Pacific PTE. Ltd.	2,126,507	735,014
Chubb INA International Holdings Limited	73,038	73,038
Chubb Samaggi Insurance PLC	110,655	102,501
Accrued commission expenses		
Chubb Samaggi Insurance PLC	1,732,423	1,035,446
Accrued expenses		
Chubb Samaggi Insurance PLC	1,954,751	4,194,248
Chubb Group Holdings, Inc.	289,054	325,413
	<u>77,262,659</u>	<u>73,036,702</u>

21 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 are as follows:

	(Unaudited) For the three-month periods ended		(Unaudited) For the nine-month periods ended	
	30 September 2018 Baht	30 September 2017 Baht	30 September 2018 Baht	30 September 2017 Baht
Short-term benefits	13,384,551	13,980,345	56,563,383	51,375,973
Retirement benefits	91,077	51,560	296,587	147,002
Total	13,475,628	14,031,905	56,859,970	51,522,975

22 Assets deposited with Insurance Registrar

As at 30 September 2018 and 31 December 2017, the Company pledged 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	
	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Government bonds	30,324,768	32,005,941

23 Assets pledged as reserve with registrar

As at 30 September 2018 and 31 December 2017, 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	
	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Government bonds	2,159,035,778	1,946,239,533

24 Contribution to Life Insurance Fund

In compliance with the Life Insurance Act B.E. 2535, as at 30 September 2018, the Company had cumulative contribution to Life Insurance Fund amounting to Baht 30,532,613 (31 December 2017: Baht 28,169,891).

25 Commitments

The Company has commitments as follows:

	(Unaudited) 30 September 2018		
	Operating lease Baht	Service fee and other Baht	Total Baht
Due within 1 year	7,760,545	4,467,763	12,228,308
Due more than 1 year but no later than 5 years	968,750	3,966,707	4,935,457
	<u>8,729,295</u>	<u>8,434,470</u>	<u>17,163,765</u>
	(Audited) 31 December 2017		
	Operating lease Baht	Service fee and other 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>