

CHUBB LIFE ASSURANCE PUBLIC COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2020



Independent Auditor's Report

To the Shareholders of Chubb Life Assurance Public Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Chubb Life Assurance Public Company Limited (the Company) as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Emphasis of matter

I draw attention to Note 3.1 to the financial statements, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting period ending between 1 January 2020 and 31 December 2020. My opinion is not modified in respect to this matter.

Responsibilities of management for the financial statements

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

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

The audit committee assists management in discharging their responsibilities for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

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

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

PricewaterhouseCoopers ABAS Ltd.

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

Sakuna Yamsakul



Certified Public Accountant (Thailand) No. 4906

Bangkok

12 April 2021

Chubb Life Assurance Public Company Limited
Statement of Financial Position
As at 31 December 2020

	Notes	2020 Baht	2019 Baht
Assets			
Cash and cash equivalents	10	1,118,641,635	669,466,169
Premium receivable	11	540,998,839	475,414,400
Accrued investment income		97,101,724	132,557,700
Amount due from reinsurance	12	11,730,852	11,623,652
Invested assets			
Investments in securities	13, 33, 34	15,043,357,884	14,278,776,750
Loans and accrued interest receivables	14	372,180,521	318,540,571
Equipment	15	34,889,519	37,269,865
Intangible assets	16	145,239,828	122,656,324
Other assets	17, 31	98,286,395	100,652,661
Total assets		17,462,427,197	16,146,958,092



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Mrs. Angela Julie Hunter Mr. Adrian Clive O'Brian Directors

CHUBB

Chubb Life Assurance Public Company Limited
บริษัท ชับบ์ ไลฟ์ แอสซิวรันส์ 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 2020

	Notes	2020 Baht	2019 Baht
Liabilities and equity			
Liabilities			
Insurance liabilities	18	12,616,196,867	11,376,534,031
Amount due to reinsurance	19, 31	54,793,274	57,139,358
Income tax payable		5,908,378	21,963,386
Employee benefit obligations	20, 31	150,338,536	142,121,128
Deferred tax liabilities	21	475,625,261	518,871,460
Other liabilities	23, 31	79,928,087	30,039,261
Other creditors	31	173,815,239	27,146,605
Accrued commission expenses	31	228,747,491	299,154,018
Accrued expenses	31	329,204,464	284,743,992
Total liabilities		14,114,557,597	12,757,713,239
Equity			
Share capital	29, 37		
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		(92,720,669)	(176,206,011)
Other components of equity			
Remeasurements of investments measured at fair value through other comprehensive income - net of tax		2,036,346,773	2,169,914,110
Remeasurements of post-employment benefit obligations - net of tax		(2,479,539)	63,380
Other reserve	31	16,473,035	5,223,374
Total equity		3,347,869,600	3,389,244,853
Total liabilities and equity		17,462,427,197	16,146,958,092

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 2020

	Notes	2020 Baht	2019 Baht
Revenues			
Gross written premiums		6,167,910,844	6,053,426,625
<u>Less</u> premiums ceded to reinsurers	31	(114,784,963)	(106,169,170)
Net written premiums		6,053,125,881	5,947,257,455
<u>Less</u> net change in unearned premium reserve		(36,301,445)	(57,406,895)
Net earned premiums		6,016,824,436	5,889,850,560
Fee and commission income		14,760,822	12,797,776
Investment income		458,013,182	431,550,727
Other income		-	29,829
Total revenues		6,489,598,440	6,334,228,892
Expenses			
Change in long-term technical reserve		1,191,823,145	1,200,053,782
Gross benefits and claim paid		1,869,692,870	1,711,032,011
<u>Less</u> benefits and claim paid recovered from reinsurers		(65,805,020)	(42,505,848)
Commissions and brokerages	31	2,654,838,613	2,587,421,215
Other underwriting expenses		74,892,110	64,429,627
Operating expenses	24, 31	644,077,312	643,438,445
Other expenses		479,875	-
Finance cost	23.1	1,778,270	-
Expected credit loss	26	8,556,069	-
Total expenses		6,380,333,244	6,163,869,232
Profit before income tax		109,265,196	170,359,660
Income tax expenses	27	24,288,408	11,345,420
Net profit		84,976,788	159,014,240

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 2020

	<u>Notes</u>	<u>2020 Baht</u>	<u>2019 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		(3,178,649)	8,778
Income tax relating to items that will not be reclassified subsequently to profit or loss	21	635,730	746,340
Total items that will not be reclassified subsequently to profit or loss		<u>(2,542,919)</u>	<u>755,118</u>
<u>Items that will be reclassified subsequently to profit or loss</u>			
Gain (loss) on remeasuring investments measured at fair value through other comprehensive income		(168,278,311)	1,966,851,841
Realised gain from sale of investments measured at fair value through other comprehensive income transferred to profit or loss		-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	21	33,391,834	(393,370,368)
Total items that will be reclassified subsequently to profit or loss		<u>(134,886,477)</u>	<u>1,573,481,473</u>
Other comprehensive income (loss) for the year, net of tax		<u>(137,429,396)</u>	<u>1,574,236,591</u>
Total comprehensive income (loss) for the year		<u>(52,452,608)</u>	<u>1,733,250,831</u>
Earnings (loss) per share	30		
Basic earnings per share		<u>0.61</u>	<u>1.14</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 2020

	Other components of equity							Total Baht
	Other comprehensive income (loss)						Total other components of equity Baht	
	Issued and paid-up share capital Baht	Deficits Baht	Remeasurements of investments measured at fair value through other comprehensive income, net of tax Baht		Remeasurement of post-employment benefit obligations - net of tax Baht	Other reserve Baht		
Beginning balance as at 1 January 2020	1,390,250,000	(176,206,011)	2,169,914,110		63,380	5,223,374	2,175,200,864	3,389,244,853
Retrospective adjustment from adoption of new financial reporting standards (Note 4)	-	(1,491,446)	1,319,140		-	-	1,319,140	(172,306)
Beginning balance after adjustment	1,390,250,000	(177,697,457)	2,171,233,250		63,380	5,223,374	2,176,520,004	3,389,072,547
Net profit for the year	-	84,976,788	-		-	-	-	84,976,788
Equity-settled share-based payment	-	-	-		-	11,249,661	11,249,661	11,249,661
Loss on remeasurement of post-employment benefit obligations	-	-	-		(2,542,919)	-	(2,542,919)	(2,542,919)
Loss on remeasuring investments measured at fair value through other comprehensive income	-	-	(134,886,477)		-	-	(134,886,477)	(134,886,477)
Realised gain from sale of investments measured at fair value through other comprehensive income transferred to profit or loss	-	-	-		-	-	-	-
Ending balance as at 31 December 2020	1,390,250,000	(92,720,669)	2,036,346,773		(2,479,539)	16,473,035	2,050,340,269	3,347,869,600
Beginning balance as at 1 January 2019	1,390,250,000	(335,220,251)	596,432,637		(691,738)	-	595,740,899	1,650,770,648
Net profit for the year	-	159,014,240	-		-	-	-	159,014,240
Equity-settled share-based payment	-	-	-		-	5,223,374	5,223,374	5,223,374
Share-based payment reclassified to liabilities	-	-	-		-	-	-	-
Remeasurement of post-employment benefit obligations	-	-	-		755,118	-	755,118	755,118
Change in value of available-for-sale investments	-	-	1,573,481,473		-	-	1,573,481,473	1,573,481,473
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	-	-		-	-	-	-
Ending balance as at 31 December 2019	1,390,250,000	(176,206,011)	2,169,914,110		63,380	5,223,374	2,175,200,864	3,389,244,853

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 2020

	2020	2019
	Baht	Baht
Cash flows provided by (used in) operating activities		
Written premium received from direct insurance	5,964,307,608	5,954,315,401
Cash paid to reinsurance	(36,672,405)	(38,685,101)
Investment income	473,011,842	446,568,600
Other income (expense)	(461,809)	110,302
Gross benefits and claim paid from direct insurance	(1,867,951,147)	(1,666,478,656)
Commissions and brokerages from direct insurance	(2,680,108,568)	(2,434,883,540)
Other underwriting expenses	(74,763,530)	(63,511,612)
Operating expenses	(342,909,525)	(574,600,878)
Income tax expense	(49,562,052)	(23,665,282)
Cash received in relation to investment in securities	60,000,000	174,383,940
Cash paid in relation to investment in securities	(1,030,085,386)	(1,565,934,709)
Cash received in relation to loan repayments	254,135,951	126,421,438
Cash paid in relation to loan drawdowns	(111,223,656)	(112,055,925)
Net cash provided by operating activities	557,717,323	221,983,978
Cash flows provided by (used in) investing activities		
Cash received in relation to equipment	15,000	17,095
Cash paid in relation to equipment	(12,865,973)	(14,404,233)
Cash paid in relation to computer software	(56,376,675)	(28,930,649)
Net cash used in investing activities	(69,227,648)	(43,317,787)
Cash flows provided by (used in) financing activities		
Cash paid for lease liabilities	(39,314,209)	-
Net cash used in financing activities	(39,314,209)	-
Net increase in cash and cash equivalents	449,175,466	178,666,191
Cash and cash equivalents at beginning of the year	669,466,169	490,799,978
Cash and cash equivalents at the end of the year	1,118,641,635	669,466,169

Non-cash transaction

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

Payable from purchasing equipment	2,996,000	1,730,369
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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.

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 12 April 2021.

2 Basis of preparation

The financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai 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 (No.2) B.E. 2562" dated on 4 April 2019 ("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 8.

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

3 New and amended financial reporting standards

3.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and are relevant to the Company

a) Financial Instruments

The new financial standards related to financial instruments are as follows

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 Accounting Guidance	Financial instruments and disclosures for insurance companies' accounting guidance

The new financial reporting standards related to financial instruments and TFAC Accounting Guidance "financial instruments and disclosures for insurance companies" introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Company to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Company whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets under TFRS 9 require the Company to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Company passes criteria of temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 (revised 2018) Insurance Contracts. The Company is eligible to apply the 'financial instruments and disclosures for insurance companies' accounting guidance' ('the Accounting Guidance') as the Company has not previously applied any version of TFRS 9 Financial Instrument and the Company's activities are predominantly connected with insurance business. Based on the eligibility assessment, the total carrying amount of liabilities connected with insurance as at 1 January 2018 is greater than 90% of the total carrying amount of all its liabilities.

After the date of eligibility assessment, there has been no change in the Company's activities that requires a reassessment of the eligibility assessment.

Additional information on financial assets in relation to the temporary exemption from TFRS 9 is illustrated per below:

Financial assets of the Company are separated into (i) financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) in accordance with TFRS 9 and are not held for trading or managed on fair value basis and (ii) all financial assets other than those specified in (i).

3 New and amended financial reporting standards (Cont'd)

3.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and are relevant to the Company (Cont'd)

a) Financial Instruments (Cont'd)

The following table shows the fair value and change in fair value of these two groups of financial assets:

	Fair value as at 31 December 2020			Change in fair value for the year ended 31 December 2020		
	Financial assets that met SPPI criteria and not held for trading or managed on fair value basis Baht	Others Baht	Total Baht	Financial assets that met SPPI criteria and not held for trading or managed on fair value basis Baht	Others Baht	Total Baht
Investment in debt securities	15,043,357,884	-	15,043,357,884	764,581,134	-	764,581,134
Other financial assets	1,215,743,359	20,713,543	1,236,456,902	458,365,373	1,560,575	459,925,948
Total	16,259,101,243	20,713,543	16,279,814,786	1,222,946,507	1,560,575	1,224,507,082

As of 31 December 2020, majority of other financial assets qualifying as SPPI includes cash and cash equivalents, accrued investment income and other assets.

Certain financial assets included within the financial statements, including policy loans and its accrued interest receivables, amount due from reinsurance and premium receivable are not included above since they are accounted for under TFRS 4.

There is a minor difference between the Accounting Guidance and TFRS 9 in terms of classification and measurement, impairment of equity securities and hybrid contracts. The classification is dependent on the purpose for which the investments were acquired; hence, there is no need to assess business model and cash flow characteristics. An impairment should be assessed not only debt securities but also equity securities. An embedded derivative shall be separated from the host and accounted for as a derivative.

The impact from the first-time adoption has been disclosed in Note 4.

- b) TFRS 16, Leases clarified where the Company is a lessee, certain standard will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Company has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 4.

3 New and amended financial reporting standards (Cont'd)

3.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and are relevant to the Company (Cont'd)

- c) Amendment to TAS 12, Income tax clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- d) Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.
- e) Temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting periods ended on 31 December 2020.

The Company applied the temporary exemption guidance on lease modification related to rent concession. The impact is disclosed in Note 23.1.

3.2 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2021 which are relevant to the Company, and have not been early adopted by the Company

- a) Revised Conceptual Framework for Financial Reporting added the following key principals and guidance:
 - Measurement basis, including factors in considering difference measurement basis
 - Presentation and disclosure, including classification of income and expenses in other comprehensive income
 - Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
 - Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

- b) Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors amended the definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

4 Impacts from initial adoption of the new and revised financial reporting standards

The Company has adopted financial reporting standards relating to financial instruments (TAS 32, and the Accounting Guidance) and leases standard (IFRS 16) retrospectively from 1 January 2020 but has not restated comparatives for the 2019 reporting period, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 January 2020.

The impact of first-time adoption of new financial reporting standards on statements of financial position are as follows:

	Notes	As at 31 December 2019 Previously reported Baht	TAS 32 and the Accounting Guidance Reclassifications and adjustments Baht	IFRS 16 Adjustments Baht	As at 1 January 2020 Restated Baht
Assets					
Cash and cash equivalents	A	669,466,169	(172,306)	-	669,293,863
Accrued investment income	B	132,557,700	(44,645,883)	-	87,911,817
Loans and accrued interest receivables	B	318,540,571	44,645,883	-	363,186,454
Other assets	C	100,652,661	-	78,946,212	179,598,873
Total assets		1,221,217,101	(172,306)	78,946,212	1,299,991,007
Liabilities and equity					
Liabilities					
Other liabilities	C	30,039,261	-	78,946,212	108,985,473
Total liabilities		30,039,261	-	78,946,212	108,985,473
Equity					
Remeasurements of investments measured at fair value through other comprehensive income - net of tax	A	2,169,914,110	1,319,140	-	2,171,233,250
Deficits	A	(176,206,011)	(1,491,446)	-	(177,697,457)
Total equity		1,993,708,099	(172,306)	-	1,993,535,793
Total liabilities and equity		2,023,747,360	(172,306)	78,946,212	2,102,521,266

- A) Adjustments on impairment of financial assets (Note 4.1)
B) Change in presentation of accrued interest receivable on loans (Note 4.1)
C) Recognition of right-of-use assets and lease liabilities under IFRS 16 (Note 4.2)

The initial application of the new and revised financial reporting standards does not impact the classification of financial liabilities.

4 Impacts from initial adoption of the new and revised financial reporting standards (Cont'd)

4.1 Financial instruments

The total impact on the Company's deficits as of 1 January 2020 are as follows:

	Notes	Baht
Deficits as of 31 December 2019 (as previously reported)		(176,206,011)
Adjustments in relation to expected credit loss	A	(1,491,446)
Deficits as of 1 January 2020 after reflecting TAS 32 and The Accounting Guidance		<u>(177,697,457)</u>

The impact of these changes on the Company's equity as of 1 January 2020 are as follows:

	Notes	Available- for-sale reserve Baht	FVOCI reserve Baht	Effect on retained earnings Baht
Balance as of 31 December 2019 (Previously reported)		2,169,914,110	-	(176,206,011)
Reclassify debt securities from available-for-sale to FVOCI	A	(2,169,914,110)	2,169,914,110	-
Total adjustments to opening deficits from adoption of TAS 32 and The Accounting Guidance	A	-	1,319,140	(1,491,446)
Total impact		<u>(2,169,914,110)</u>	<u>2,171,233,250</u>	<u>(1,491,446)</u>
Opening balance as of 1 January 2020 - TAS 32 TAS 32 and The Accounting Guidance adoption		-	<u>2,171,233,250</u>	<u>(177,697,457)</u>

On 1 January 2020, the management has assessed and classified its financial instruments as follows:

	Notes	Accrued Investment income Baht	Available- for-sale Investments Baht	Investments measured at FVOCI Baht	Loans and accrued Interest receivables Baht
Financial assets					
Balance as at 31 December 2019 (Previously reported)		132,557,700	14,278,776,750	-	318,540,571
Reclassify debt securities from available-for-sale to FVOCI	A	-	(14,278,776,750)	14,278,776,750	-
Change in presentation of accrued interest receivable	B	(44,645,883)	-	-	44,645,883
Opening balance 1 January 2020 - TAS 32 and the Accounting Guidance adoption		<u>87,911,817</u>	-	<u>14,278,776,750</u>	<u>363,186,454</u>

4 Impacts from initial adoption of the new and revised financial reporting standards (Cont'd)

4.1 Financial instruments (Cont'd)

a) Impairment of financial assets

The adoption of the new financial reporting standards on financial instruments affects the accounting treatment of impairment. The new requirements on the impairment losses will lead to expected credit losses having to be considered and recognised at the initial recognition and subsequent period. The Company accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. As of 1 January 2020, the Company recognised impairment losses for deposits with bank and financial institution of Baht 172,306 and investments in securities of Baht 1,319,140. The transition adjustment will be recognised as an adjustment to the opening balance of deficits.

While other assets are subjected to the new impairment requirements of the Accounting Guidance, the identified impact was immaterial.

b) Available-for-sale investments classified as FVOCI

As of 1 January 2020, the Company elected to present in OCI changes in the fair value of all its investments in debt securities previously classified as available-for-sale, because these investments are held as long-term strategic investments. As a result, the Company's assets with a fair value amounted to Baht 14,278,776,750 was reclassified from available-for-sale investments to investments measured at FVOCI and its fair value gains of Baht 2,169,914,110 (net of tax) was reclassified from available-for-sale reserve to the FVOCI reserve on 1 January 2020.

c) Change in presentation of accrued interest receivable on loans

Following the new 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 (No.2) B.E. 2562" dated on 4 April 2019 ("OIC Notification"), the Company changed the presentation of accrued interest receivable on loans from accrued investment income to loans and accrued interest receivables amounted to Baht 44,645,883.

4 Impacts from initial adoption of the new and revised financial reporting standards (Cont'd)

4.2 Leases

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 3.09%.

	<u>Baht</u>
Operating lease commitments disclosed as at 31 December 2019	56,665,589
<u>Less</u> Discounted using the lessee's incremental borrowing rate at the date of initial application	(2,376,995)
<u>Less</u> Low-value leases recognised on a straight-line basis as expense	(1,680,070)
<u>Add</u> Adjustments as a result of a different treatment of extension and termination options	318,750
<u>Add</u> Adjustments relating to service agreements	<u>26,018,938</u>
Lease liability recognised as at 1 January 2020	<u>78,946,212</u>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayment relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<u>1 January 2020</u> <u>Baht</u>
Buildings and improvements	77,522,434
Vehicle	<u>1,773,778</u>
Total right-of-use assets	<u>79,296,212</u>

Practical expedients applied

In applying TFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an Arrangement contains a Lease.

5 Accounting policies

5.1 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 recognised 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.

5.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date

5.3 Premium receivable

Premium receivable 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.

5.4 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.

5 Accounting policies (Cont'd)

5.5 Investments in securities

For the year ended 31 December 2020

a) Classification

From 1 January 2020, the Company classifies its financial assets as investments measured at fair value through other comprehensive income (FVOCI).

b) Recognition and derecognition

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

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

d) Debt instruments

Subsequent measurement of debt instruments is classified into four measurement categories:

- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss from subsequent measurement is recognised in profit or loss in the period in which it arises.
- **FVOCI:** Financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in gain/(loss) on investment. Interest income is included in investment income. Impairment expenses are presented separately in the statement of comprehensive income.
- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.

5 Accounting policies (Cont'd)

5.5 Investments in securities (Cont'd)

d) Debt instruments (Cont'd)

Subsequent measurement of debt instruments is classified into four measurement categories: (Cont'd)

- FVO: Financial assets irrevocably designated at fair value through profit or loss in order to eliminate or significantly reduce a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains or losses on them on different bases. A gain or loss on these investments is recognised in profit or loss and presented net within fair value gains (losses) in the period in which it arises.

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

e) Impairment

From 1 January 2020, the Company assesses expected credit loss on a forward-looking basis for its financial assets which are debt securities carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk from initial recognition. The Company always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

The expected credit loss will be recognised in profit or loss.

5 Accounting policies (Cont'd)

5.5 Investments in securities (Cont'd)

For the year ended 31 December 2019

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.

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 securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

5.6 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 improvements, 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 years
Office equipment	5 years
Furniture and fixtures	5 - 9 years
Computers	3 - 7 years

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

5 Accounting policies (Cont'd)

5.6 Equipment (Cont'd)

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.

5.7 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.

5.8 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.

5.9 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.

5.10 Leases

For the year ended 31 December 2020

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

5 Accounting policies (Cont'd)

5.10 Leases (Cont'd)

For the year ended 31 December 2020 (Cont'd)

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise the underlying asset value equal or less than USD 5,000.

For the year ended 31 December 2019

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.

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.

5 Accounting policies (Cont'd)

5.11 Employee benefits

5.11.1 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.

5.11.2 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 400 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.

5.11.3 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 employee benefit obligations.

5 Accounting policies (Cont'd)

5.12 Insurance liabilities

5.12.1 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 2018).

5.12.2 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 without a provision for the risk of adverse deviation, 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.

5.12.3 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.

5.12.4 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.

5 Accounting policies (Cont'd)

5.12 Insurance liabilities (Cont'd)

5.12.5 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.

5.12.6 Unearned premium reserves

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

5.12.7 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.

5.13 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.

5.14 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.

5 Accounting policies (Cont'd)

5.15 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.

6 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.

6.1 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 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 2020 and 2019.

	2020			
	Ordinary individual life and riders Baht	Personal accident Baht	Group Baht	Total Baht
Long-term technical reserves	10,250,703,887	-	1,430,434,219	11,681,138,106
Loss reserve and outstanding claims	63,639,569	5,548,433	193,285,543	262,473,545
Total	10,314,343,456	5,548,433	1,623,719,762	11,943,611,651
	2019			
	Ordinary individual life and riders Baht	Personal accident Baht	Group Baht	Total Baht
Long-term technical reserves	9,234,384,523	-	1,254,930,437	10,489,314,960
Loss reserve and outstanding claims	49,993,898	4,875,039	226,458,766	281,327,703
Total	9,284,378,421	4,875,039	1,481,389,203	10,770,642,663

6 Risk management (Cont'd)

6.1 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.

6.2 Financial risk management

6.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk consists of three types of risks: foreign exchange risk, price risk and interest rate risk.

Foreign exchange risk

As of 31 December 2020 and 2019, the Company has no significant foreign currency financial instruments.

Price risk

Price risk refers to the loss affecting income and/or equity from a movement in equity price. As of 31 December 2020 and 2019, the Company has no investment in equity securities.

6 Risk management (Cont'd)

6.2 Financial risk management (Cont'd)

6.2.1 Market risk (Cont'd)

Interest rate risk

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

The outstanding balances of significant financial assets, including the interest rate as of 31 December 2020 and 2019 are summarised as follows:

		2020							
		Fixed interest rate			Floating interest rate	No interest rate	Total	Rate %	
		At call	< 1 year	1 - 5 years	> 5 years	interest rate	rate		
		Baht	Baht	Baht	Baht	Baht	Baht		
Financial assets									
Cash and cash equivalents		-	-	-	-	448,398,870	670,242,765	1,118,641,635	0.05 - 0.38
Accrued investment income		-	-	-	-	-	97,101,724	97,101,724	-
Investments in securities		-	152,131,633	1,412,742,631	13,478,483,620	-	-	15,043,357,884	2.50 - 7.99
Other assets		-	-	-	-	-	20,713,543	20,713,543	-
			152,131,633	1,412,742,631	13,478,483,620	448,398,870	786,058,032	16,279,814,786	
		2019							
		Fixed interest rate			Floating interest rate	No interest rate	Total	Rate %	
		At call	< 1 year	1 - 5 years	> 5 years	interest rate	rate		
		Baht	Baht	Baht	Baht	Baht	Baht		
Financial assets									
Cash and cash equivalents		-	-	-	-	367,700,625	301,765,544	669,466,169	0.05 - 0.38
Accrued investment income		-	-	-	-	-	132,557,700	132,557,700	-
Investments in securities		-	-	1,349,840,030	12,928,936,720	-	-	14,278,776,750	2.79 - 7.99
Other assets		-	-	-	-	-	19,152,968	19,152,968	-
			-	1,349,840,030	12,928,936,720	367,700,625	453,476,212	15,099,953,587	

Sensitivity

Profit or loss is sensitive to higher or lower interest income from investments in debt securities as a result of changes in interest rates. Other components of equity changes as a result of an increase or decrease in the fair value of investment in securities measured at fair value through other comprehensive income.

Interest income from investments are immaterially sensitive to the changes in interest rate. The table below shows the interest rate sensitivity for the financial assets held as at reporting date.

		2020
		Impact to other components of equity Increase (Decrease) Baht
Interest rate - increase 0.5%*		(890,489,451)
Interest rate - decrease 0.5%*		1,008,093,479
* Holding all other variables constant		

6 Risk management (Cont'd)

6.2 Financial risk management (Cont'd)

6.2.2 Credit risk

The Company has no significant concentrations of credit risk. The Company chooses to provide services to the customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Company's investments in debt instruments are considered to be low risk investments. The Company regularly monitors the credit ratings of the investments for credit deterioration.

a) Impairment of financial assets

The Company has cash and cash equivalents, investment in debt securities measured at FVOCI and other assets as financial assets that are subject to the expected credit loss model.

While cash and cash equivalents and other assets are also subject to the impairment requirements of the Accounting Guidance, the identified impairment loss was immaterial.

Debt investments measured at fair value through other comprehensive income

The Company considers that debt investments measured at FVOCI have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected credit losses. Management consider 'low credit risk' for bonds to be an investment grade credit rating with at least one major rating agency.

In some case, certain debt investments measured at FVOCI that have significant increase in credit risk relative to the initial recognition, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.

Debt investments measured at fair value through other comprehensive income (FVOCI) include listed debt securities. The loss allowance is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The reconciliation of allowances of expected credit loss for debt investments measured at FVOCI for the year ended 31 December 2020 are disclosed in Note 13.3.

6.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's financial assets mainly comprised of cash and deposits with bank and investments in securities which are highly liquid and able to be sold quickly at close to their fair value when the Company wishes to raise fund.

6 Risk management (Cont'd)

6.2 Financial risk management (Cont'd)

6.2.3 Liquidity risk (Cont'd)

a) Maturity of financial liabilities

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

	Within 1 month Baht	1 - 3 months Baht	3 months - 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
As at 31 December 2020						
Lease liabilities	-	-	40,907,573	1,301,367	-	42,208,940
Other liabilities	-	37,719,147	-	-	-	37,719,147
Other creditors	-	173,815,239	-	-	-	173,815,239
Accrued expenses	-	329,204,464	-	-	-	329,204,464
Total financial liabilities	-	540,738,850	40,907,573	1,301,367	-	582,947,790

7 Fair value

7.1 Fair value estimation

The following table shows fair values and carrying amounts of financial assets and liabilities by category at 31 December 2020.

	Fair value through profit or loss (FVPL) Baht	Fair value through other comprehensive income (FVOCI) Baht	Amortised cost Baht	Total carrying amount Baht	Fair value Baht
As at 31 December 2020					
<i>Financial assets measured at fair value</i>					
Investments measured at FVOCI	-	15,043,357,884	-	15,043,357,884	15,043,357,884
<i>Financial assets not measured at fair value</i>					
Cash and cash equivalents	-	-	1,118,641,635	1,118,641,635	1,118,641,635
Accrued investment income	-	-	97,101,724	97,101,724	97,101,724
Other assets	-	-	20,713,543	20,713,543	20,713,543
<i>Financial liabilities not measured at fair value</i>					
Lease liabilities	-	-	42,208,940	42,208,940	42,208,940
Other liabilities	-	-	16,709,560	16,709,560	16,709,560
Other creditors	-	-	173,815,239	173,815,239	173,815,239
Accrued expense	-	-	329,204,464	329,204,464	329,204,464

Proportion of the financial instruments' contract value grouped by counterparties are as follows:

	2020 %
Financial institutions	75
Other parties	25
Total	100

The following table presents the Company's financial assets that are measured at fair value by their fair value hierarchy as at 31 December 2020 and 2019.

	2020			
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Investments measured at fair value through other comprehensive income				
- Government and state enterprise securities	-	10,704,150,041	-	10,704,150,041
- Private enterprise securities	-	4,339,207,843	-	4,339,207,843
Total assets	-	15,043,357,884	-	15,043,357,884
	2019			
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Investment in securities				
Available-for-sale securities				
- Government and state enterprise securities	-	10,722,821,313	-	10,722,821,313
- Private enterprise securities	-	3,555,955,437	-	3,555,955,437
Total assets	-	14,278,776,750	-	14,278,776,750

There were no transfers between levels during the year.

7 Fair value (Cont'd)

7.1 Fair value estimation (Cont'd)

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

- Level 1: The fair value of financial instruments is based on the closing price by reference to the Thai Bond Market Association.
- Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.
- Level 3: The fair value of financial instruments is not based on observable market data.

7.2 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.

7.3 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 is 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.

8 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:

8.1 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 5.12.1.

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

8.2 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.

8.3 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 the claims notified by the insured, 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.

8.4 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.

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

8.5 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 benefit obligations.

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 Long-term Incentive 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.

8.6 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.

8.7 Determination of lease terms

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

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

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

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

8.8 Determination of discount rate applied to leases

The Company determines the incremental borrowing rate as follows:

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

8.9 Impairment of financial assets

The loss allowances for financial assets are based on expected credit loss. The Company uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the existing market conditions at the end of each reporting period.

9 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, No.3 B.E 2558 and No.4 B.E 2562 for the purpose of assessing the solvency capital requirement.

10 Cash and cash equivalents

	2020 Baht	2019 Baht
Cash	114,400	102,500
Deposits held at call with bank	1,118,527,235	669,363,669
Total cash and cash equivalents	1,118,641,635	669,466,169

11 Premium receivable

As at 31 December 2020 and 2019, the balances of premium receivable are aged as follows:

	From direct insurance	
	2020 Baht	2019 Baht
Current	540,998,839	475,414,400
Overdue		
Not over 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 days - 1 year	63,900	-
Over 1 year	330,164	-
Total	541,392,903	475,414,400
<u>Less</u> Allowance for doubtful accounts	(394,064)	-
Total premium receivable	540,998,839	475,414,400

12 Amount due from reinsurance

	2020 Baht	2019 Baht
Due from reinsurers	11,730,852	11,623,652
Total amount due from reinsurance	11,730,852	11,623,652

The amount due from reinsurance are aged as follows:

	2020 Baht	2019 Baht
Current	6,033,008	11,623,652
Overdue		
Not over 12 months	4,433,139	-
1 - 2 years	1,264,705	-
Over 2 years	-	-
Total amount due from reinsurance	11,730,852	11,623,652

13 Investments in securities

13.1 Investments measured at fair value through other comprehensive income

The details of investments in securities are as follows:

	2020		
	Cost Baht	Unrealised gain Baht	Fair value Baht
<u>Investments measured at fair value through other comprehensive income</u>			
Government and state enterprise securities			
- Government bonds	8,265,221,912	2,391,153,009	10,656,374,921
- Debentures	30,000,000	17,775,120	47,775,120
Private enterprise debt securities			
- Debentures	4,212,750,020	126,457,823	4,339,207,843
Total investments measured at fair value through other comprehensive income	<u>12,507,971,932</u>	<u>2,535,385,952</u>	<u>15,043,357,884</u>
	2019		
	Cost Baht	Unrealised gain Baht	Fair value Baht
<u>Available-for-sale securities</u>			
Government and state enterprise securities			
- Government bonds	8,186,654,590	2,490,256,795	10,676,911,385
- Debentures	30,000,000	15,909,928	45,909,928
Private enterprise debt securities			
- Debentures	3,349,729,522	206,225,915	3,555,955,437
Total available-for-sale securities	<u>11,566,384,112</u>	<u>2,712,392,638</u>	<u>14,278,776,750</u>

The Company disclosed information regarding the restricted amount of investments in Notes 33 and 34.

During the year 2020, the Company has no sales of investments measured at fair value through other comprehensive income (2019: Nil).

13.2 Amounts recognised in profit or loss and other comprehensive income

The following gains/(losses) were recognised in profit or loss and other comprehensive income during the year as follows:

	2020 Baht
Gains/(losses) recognised in other comprehensive income	(168,278,311)
Gains/(losses) reclassified from other comprehensive income to profit or loss on the sale of investments measured at fair value through other comprehensive income	-
Interests from debt instruments at FVOCI recognised in profit or loss	466,837,167
Expected credit losses for debt investments measured at FVOCI recognised in profit or loss	8,728,375

During the year 2019, the Company recognised interest income amounted to Baht 430,763,332 recorded as a part of investment income in the statement of comprehensive income.

13 Investments in securities (Cont'd)

13.3 Expected credit loss

	31 December 2020	
	Fair value Baht	Expected credit loss recognised in other comprehensive income Baht
Investments in debt securities credit risk has not significantly increased (Stage 1)	14,366,621,326	1,869,179
Investment in debt securities which credit risk has significantly increased (Stage 2)	676,736,558	8,178,336
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	15,043,357,884	10,047,515

The reconciliations of expected credit loss for debt securities that are measured at fair value through other comprehensive income for the year ended 31 December 2020 are as follows:

	Expected credit loss measured at amount equal to			
	12 months expected credit losses Baht	Lifetime Expected credit losses Baht	Lifetime expected credit losses (credit- impaired investments) Baht	Total Baht
As at 31 December 2019 - calculated under TAS 101	-	-	-	-
Amounts restated through opening retained earnings	1,319,140	-	-	1,319,140
Opening loss allowance as at 1 January 2020 - calculated under the Accounting Guidance	1,319,140	-	-	1,319,140
Increase in loss allowance recognised in profit or loss during the year	550,039	8,178,336	-	8,728,375
Reversal of expected credit loss	-	-	-	-
As of 31 December 2020	1,869,179	8,178,336	-	10,047,515

13 Investments in securities (Cont'd)

13.4 Maturity of debt securities

Investments in debt securities as at 31 December 2020 and 2019 will be due as follows:

	2020			Total Baht
	Period to maturity			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
<u>Investments measured at fair value through other comprehensive income</u>				
Government and state enterprise securities				
Government bonds	140,653,667	523,800,289	7,600,767,956	8,265,221,912
Debentures	-	30,000,000	-	30,000,000
<u>Add Unrealised gains on changes in fair value of investments</u>	<u>1,367,624</u>	<u>68,089,422</u>	<u>2,339,471,083</u>	<u>2,408,928,129</u>
Total government and state enterprise securities	<u>142,021,291</u>	<u>621,889,711</u>	<u>9,940,239,039</u>	<u>10,704,150,041</u>
Private enterprise securities Debentures	10,024,510	748,193,178	3,454,532,332	4,212,750,020
<u>Add Unrealised gains on changes in fair value of investments</u>	<u>85,832</u>	<u>42,659,742</u>	<u>83,712,249</u>	<u>126,457,823</u>
Total private enterprise securities	<u>10,110,342</u>	<u>790,852,920</u>	<u>3,538,244,581</u>	<u>4,339,207,843</u>
Total investments measured at fair value through other comprehensive income	<u>152,131,633</u>	<u>1,412,742,631</u>	<u>13,478,483,620</u>	<u>15,043,357,884</u>

13 Investments in securities (Cont'd)

13.4 Maturity of debt securities (Cont'd)

Investments in debt securities as at 31 December 2020 and 2019 will be due as follows:
(Cont'd)

	2019			Total Baht
	Period to maturity			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
<u>Available-for-sale</u>				
Government and state enterprise securities				
Government bonds	-	671,944,170	7,514,710,420	8,186,654,590
Debentures	-	30,000,000	-	30,000,000
<u>Add Unrealised gains on changes in fair value of investments</u>	-	73,105,153	2,433,061,570	2,506,166,723
Total government and state enterprise securities	-	775,049,323	9,947,771,990	10,722,821,313
Private enterprise securities Debentures	-	531,968,840	2,817,760,682	3,349,729,522
<u>Add Unrealised gains on changes in fair value of investments</u>	-	42,821,867	163,404,048	206,225,915
Total private enterprise securities	-	574,790,707	2,981,164,730	3,555,955,437
Total available-for-sale	-	1,349,840,030	12,928,936,720	14,278,776,750

14 Loans and accrued interest receivables

The balances of loans and accrued interest receivables are as follows:

	2020			2019		
	Principal Baht	Accrued interest income Baht	Total Baht	Principal Baht	Accrued interest income Baht	Total Baht
Policy loans						
Current	322,787,930	49,392,591	372,180,521	318,540,571	44,645,883	363,186,454
Overdue	-	-	-	-	-	-
Total	322,787,930	49,392,591	372,180,521	318,540,571	44,645,883	363,186,454
<u>Less Allowance for doubtful accounts</u>	-	-	-	-	-	-
Policy loans - net	322,787,930	49,392,591	372,180,521	318,540,571	44,645,883	363,186,454

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

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15 Equipment

	2020											
	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	41,567,172	158,717	-	-	-	41,725,889	29,316,657	6,241,511	-	-	35,558,168	6,167,721
Office equipment	19,506,386	283,456	(251,150)	(1,209,607)	-	18,329,085	18,274,555	436,846	(251,149)	(1,209,478)	17,250,774	1,078,311
Furniture & fixtures	6,232,871	148,240	-	-	-	6,381,111	4,378,098	502,024	-	-	4,880,122	1,500,989
Computers	56,647,786	4,224,223	-	(9,022,839)	3,894,800	55,743,970	35,132,340	9,319,791	-	(9,011,191)	35,440,940	20,303,030
Hardware in progress	417,300	9,316,968	-	-	(3,894,800)	5,839,468	-	-	-	-	-	5,839,468
Total	124,371,515	14,131,604	(251,150)	(10,232,446)	-	128,019,523	87,101,650	16,500,172	(251,149)	(10,022,669)	93,130,004	34,889,519

	2019											
	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	40,560,878	540,202	-	-	466,092	41,567,172	26,393,829	2,922,828	-	-	29,316,657	12,250,515
Leasehold improvements in progress	86,984	480,092	-	(86,984)	(480,092)	-	-	-	-	-	-	-
Office equipment	19,078,898	625,304	(197,816)	-	-	19,506,386	17,490,008	971,779	(187,232)	-	18,274,555	1,231,831
Furniture & fixtures	5,441,343	777,528	-	-	14,000	6,232,871	3,946,042	432,056	-	-	4,378,098	1,854,773
Computers	44,399,001	9,137,225	-	-	3,111,560	56,647,786	27,528,600	7,603,740	-	-	35,132,340	21,515,446
Hardware in progress	-	3,528,860	-	-	(3,111,560)	417,300	-	-	-	-	-	417,300
Total	109,567,104	15,089,211	(197,816)	(86,984)	-	124,371,515	75,358,479	11,930,403	(187,232)	-	87,101,650	37,269,865

16 Intangible assets

Intangible assets as at 31 December 2020 and 2019 comprises:

	2020 Baht	2019 Baht
Computer software beginning balance	116,529,477	123,006,671
Additions	1,019,575	7,418,198
Disposal	(5,361,780)	-
Transfer in	29,912,983	17,100,552
Amortisation charges	(28,431,391)	(30,995,944)
Computer software ending balance	<u>113,668,864</u>	<u>116,529,477</u>
Computer software in progress beginning balance	6,126,847	1,714,948
Additions	55,357,100	21,512,451
Transfer out	(29,912,983)	(17,100,552)
Computer software in progress ending balance	<u>31,570,964</u>	<u>6,126,847</u>
Total intangible assets	<u>145,239,828</u>	<u>122,656,324</u>

17 Other assets

Other assets as at 31 December 2020 and 2019 comprises:

	2020 Baht	2019 Baht
Security and deposits	13,467,158	13,472,017
Prepaid tax	1,537	1,537
Prepaid expense	36,386,065	81,498,156
Right-of-use assets	41,185,250	-
Others	7,246,385	5,680,951
Total other assets	<u>98,286,395</u>	<u>100,652,661</u>

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17 Other assets (Cont'd)

17.1 Right-of-use assets

	2020							Right-of-use assets Baht
	Cost			Accumulated amortisation				
	Beginning balance 1 January 2020 Baht	Addition Baht	Change in contract Baht	Ending balance 31 December 2020 Baht	Beginning balance 1 January 2020 Baht	Amortisation charge Baht	Ending balance 31 December 2020 Baht	
Buildings and improvements	77,522,434	1,688,417	-	79,210,851	-	38,980,712	38,980,712	40,230,139
Vehicle	1,773,778	-	-	1,773,778	-	818,667	818,667	955,111
Total	79,296,212	1,688,417	-	80,984,629	-	39,799,379	39,799,379	41,185,250

The related lease liabilities are disclosed in Note 23.

For the year ended 31 December 2020, the Company has low value leases from lease and service contracts which are not capitalised amounted to Baht 670,632.

For the year ended 31 December 2020, the Company has short-term leases from lease and service contracts which are not capitalised amounted to Baht 67,200.

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18 Insurance liabilities

	2020			2019		
	Insurance contract liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht	Insurance contract liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
Long-term technical reserves	11,681,138,106	-	11,681,138,106	10,489,314,960	-	10,489,314,960
Claim liability						
- Reported claim	151,178,324	(19,788,239)	131,390,085	156,237,084	(22,662,943)	133,574,141
- Claims incurred but not reported	111,295,221	-	111,295,221	125,090,619	-	125,090,619
Premium liability						
- Unearned premium reserve	382,625,377	-	382,625,377	346,323,931	-	346,323,931
Unpaid policy benefits	249,446,263	(57,359,683)	192,086,580	234,930,753	(17,300,887)	217,629,866
Due to insured	40,513,576	-	40,513,576	24,636,684	-	24,636,684
Total	12,616,196,867	(77,147,922)	12,539,048,945	11,376,534,031	(39,963,830)	11,336,570,201

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

18 Insurance liabilities (Cont'd)

18.1 Long-term technical reserves

The movement of long-term technical reserves during the years ended 31 December 2020 and 2019 are as follows:

	<u>2020 Baht</u>	<u>2019 Baht</u>
Beginning balance for the year	10,489,314,960	9,289,261,178
Policy reserve increase for new policies and inforce policies during the year	1,947,698,355	1,777,516,083
Policy reserve decrease from benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claims	(755,875,209)	(577,462,301)
Closing balance at the end of year	<u>11,681,138,106</u>	<u>10,489,314,960</u>

The assumptions used in actuarial estimation are as follows:

	<u>2020 %</u>	<u>2019 %</u>
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:

	<u>2020 Baht</u>	<u>2019 Baht</u>
Repayment within 1 year	1,247,129,474	1,261,707,159
Repayment after 1 year but within 5 years	4,654,315,322	4,519,832,355
Repayment over 5 years	81,345,959,236	74,232,946,968
Total	<u>87,247,404,032</u>	<u>80,014,486,482</u>

18 Insurance liabilities (Cont'd)

18.2 Short-term technical reserves

18.2.1 Claim liability

The movement of claim liability during the years ended 31 December 2020 and 2019 are as follows:

	<u>2020</u> <u>Baht</u>	<u>2019</u> <u>Baht</u>
Beginning balance for the year	281,327,703	272,568,573
Insurance claims and loss adjustment expenses incurred during the year	771,086,217	822,549,558
Change in claim reserve and assumptions	(13,795,398)	20,419,825
Insurance claims and loss adjustment expenses paid during the year	<u>(776,144,977)</u>	<u>(834,210,253)</u>
Closing balance for the year	<u>262,473,545</u>	<u>281,327,703</u>

The assumptions used in actuarial estimation are as follows:

	<u>2020</u> <u>%</u>	<u>2019</u> <u>%</u>
Weighted average loss ratio	24.7	28.7

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

	<u>2020</u> <u>Baht</u>	<u>2019</u> <u>Baht</u>
Repayment within 1 year	262,473,545	281,327,703
Repayment after 1 year but within 5 years	-	-
Repayment over 5 years	-	-
Total	<u>262,473,545</u>	<u>281,327,703</u>

18.2.2 Unearned premium reserve

The movement of unearned premium reserve during the year ended 31 December 2020 and 2019 are as follows:

	<u>2020</u> <u>Baht</u>	<u>2019</u> <u>Baht</u>
Beginning balance for the year	346,323,931	288,917,037
Premium written for the year	2,628,850,581	2,891,232,120
Premium earned in the year	<u>(2,592,549,135)</u>	<u>(2,833,825,226)</u>
Closing balance for the year	<u>382,625,377</u>	<u>346,323,931</u>

18 Insurance liabilities (Cont'd)

18.3 Claim Development Table

18.3.1 Claim development table before reinsurance

	2020							Total Baht
	Incident Year							
	2014 Baht	2015 Baht	2016 Baht	2017 Baht	2018 Baht	2019 Baht	2020 Baht	
Reported Year								
Estimated claim:								
- At the end of the year	403,014,816	399,075,723	490,646,831	524,182,050	653,576,766	711,944,151	626,282,695	3,808,723,032
- After 1 year	459,674,006	449,364,843	552,158,717	596,333,209	738,966,491	792,118,278	-	3,588,615,544
- After 2 year	460,836,226	452,853,494	556,149,756	600,847,196	740,797,025	-	-	2,811,483,697
- After 3 year	461,440,036	453,094,797	556,265,421	601,803,525	-	-	-	2,072,603,779
- After 4 year	461,678,357	453,218,802	558,121,880	-	-	-	-	1,473,019,039
- After 5 year	461,923,398	453,538,197	-	-	-	-	-	915,461,595
- After 6 year	461,923,398	-	-	-	-	-	-	461,923,398
Absolute estimated claim	483,025,255	469,378,790	574,466,766	642,707,960	756,075,541	821,563,996	653,027,488	4,400,245,796
Cumulative claim paid	462,787,548	456,172,070	558,546,776	591,736,452	741,539,163	784,504,454	624,672,931	4,219,959,394
Total claim liability	27,873,715	21,217,625	25,728,712	61,201,245	27,986,057	50,473,746	39,881,425	254,362,525
Expired cheque								8,111,020
Total claim liability								262,473,545

18 Insurance liabilities (Cont'd)

18.3 Claim Development Table (Cont'd)

18.3.2 Claim development table - net

	2020							Total Baht
	Incident Year							
Reported Year	2014 Baht	2015 Baht	2016 Baht	2017 Baht	2018 Baht	2019 Baht	2020 Baht	
Estimated claim:								
- At the end of the year	397,380,195	393,496,175	483,787,011	516,853,368	644,438,993	701,990,334	617,526,526	3,755,472,602
- After 1 year	453,247,222	443,082,194	544,438,888	587,995,769	728,634,870	781,043,532	-	3,538,442,475
- After 2 year	454,393,193	446,522,070	548,374,128	592,446,645	730,439,811	-	-	2,772,175,847
- After 3 year	454,988,561	446,759,998	548,488,176	593,389,603	-	-	-	2,043,626,338
- After 4 year	455,223,550	446,882,270	550,318,679	-	-	-	-	1,452,424,499
- After 5 year	455,465,165	447,197,200	-	-	-	-	-	902,662,365
- After 6 year	455,465,165	-	-	-	-	-	-	455,465,165
Absolute estimated claim	476,271,994	462,816,322	566,435,045	633,722,146	745,504,715	810,077,564	643,897,395	4,338,725,181
Cumulative claim paid	456,317,234	449,794,247	550,737,635	583,463,280	731,171,572	773,536,158	615,939,268	4,160,959,394
Total claim liability	27,484,007	20,920,977	25,368,994	60,345,579	27,594,779	49,768,064	39,323,836	250,806,236
Recovered claim liability receivable from reinsurer								(16,231,950)
Expired cheque								8,111,020
Total claim liability								242,685,306

18 Insurance liabilities (Cont'd)

18.4 Unpaid policy benefits

The details of unpaid policy benefits as at 31 December 2020 and 2019 are as follows:

	2020 Baht	2019 Baht
Death benefits	51,723,831	47,752,315
Coupon	167,889,899	158,819,594
Expired cheque	29,832,533	28,358,844
Total	<u>249,446,263</u>	<u>234,930,753</u>

19 Amount due to reinsurance

	2020 Baht	2019 Baht
Outward premium payable	54,793,274	57,139,358
Total amount due to reinsurance	<u>54,793,274</u>	<u>57,139,358</u>

20 Employee benefit obligations

	2020 Baht	2019 Baht
Short-term employee benefits	37,049,479	33,535,480
Long-term employee benefits	69,252,354	69,572,418
Post-employment benefits	44,036,703	39,013,230
Total employee benefit obligations	<u>150,338,536</u>	<u>142,121,128</u>

Post-employment benefit obligations from defined benefit plan

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

	2020 Baht	2019 Baht
Present value of post-employment benefit obligations	44,036,703	39,013,230
Total obligations	<u>44,036,703</u>	<u>39,013,230</u>

The amounts recognised in profit or loss are as follows:

	2020 Baht	2019 Baht
Current service costs	7,033,078	6,551,738
Past service costs	(5,449,936)	2,373,621
Interest costs	537,968	883,936
	<u>2,121,110</u>	<u>9,809,295</u>

20 Employee benefit obligations (Cont'd)

Changes in the present value of post-employment benefit obligations are as follows:

	2020 Baht	2019 Baht
Beginning balance at 1 January	39,013,230	35,020,599
Current service costs	7,033,078	6,551,738
Past service costs	(5,449,936)	2,373,621
Interest costs	537,968	883,936
Remeasurements:		
Loss from change in financial assumptions	3,326,920	999,042
Gain from experience	(148,271)	(1,007,820)
<u>Less</u> benefits paid during the year	(276,286)	(5,807,886)
Closing balance at 31 December	44,036,703	39,013,230

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

	2020	2019
Discount rate	1.64%	2.67%
Mortality rate	Thai Mortality Ordinary Table 2017	Thai Mortality Ordinary Table 2017
Retirement age	60 years old	60 years old
Salary increase rate	5% - 8%	5% - 8%
Average turnover rate	0% - 20%	0% - 20%

Sensitivity analysis on key assumptions changes are as follows:

	Change in assumption		Impact on defined benefit obligations			
			Increase in assumption		Decrease in assumption	
	2020	2019	2020	2019	2020	2019
Discount rate	1.00%	1.00%	Decrease by 7.00%	Decrease by 7.00%	Increase by 8.00%	Increase by 8.00%
Salary increase rate	1.00%	1.00%	Increase by 9.00%	Increase by 9.00%	Decrease by 8.00%	Decrease by 8.00%
Average turnover rate	20.00%	20.00%	Decrease by 9.00%	Decrease by 8.00%	Increase by 12.00%	Increase by 11.00%

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 post-employment benefit obligations recognised within the statement of financial position.

	2020 Years	2019 Years
Weighted average duration of the defined benefit obligations	11.4	10.4

20 Employee benefit obligations (Cont'd)

Maturity analysis of undiscounted defined benefits:

	2020 Baht	2019 Baht
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 1 year	1,158,491	2,998,771
Benefits expected to be paid after 1 year but within 5 years	17,757,986	18,081,491
Benefits expected to be paid after 5 years	114,771,150	97,344,890

21 Deferred income taxes

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

	2020 Baht	2019 Baht
Deferred tax assets:		
Deferred tax asset to be settled within 12 months	32,535,995	31,974,936
Deferred tax asset to be settled after 12 months	7,592,104	6,298,798
	<u>40,128,099</u>	<u>38,273,734</u>
Deferred tax liabilities:		
Deferred tax liability to be settled within 12 months	(6,442,305)	(8,000,000)
Deferred tax liability to be settled after 12 months	(509,311,055)	(549,145,194)
	<u>(515,753,360)</u>	<u>(557,145,194)</u>
Deferred tax assets (liabilities) - net	<u>(475,625,261)</u>	<u>(518,871,460)</u>

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

	Employee benefit Baht	Accrued commission expenses Baht	IBNR Baht	Expected credit loss Baht	Lease liabilities Baht	Total Baht
Deferred tax assets						
At 1 January 2020	7,776,874	2,375,149	28,121,711	-	-	38,273,734
Increase (decrease) to profit or loss	362,160	3,021,028	(2,813,127)	373,836	274,738	1,218,635
Increase to other comprehensive income (loss)	635,730	-	-	-	-	635,730
At 31 December 2020	<u>8,774,764</u>	<u>5,396,177</u>	<u>25,308,584</u>	<u>373,836</u>	<u>274,738</u>	<u>40,128,099</u>
At 1 January 2019	10,327,767	412,311	-	-	-	10,740,078
Increase (decrease) to profit and loss	(3,297,233)	1,962,838	28,121,711	-	-	26,787,316
Increase to other comprehensive income (loss)	746,340	-	-	-	-	746,340
At 31 December 2019	<u>7,776,874</u>	<u>2,375,149</u>	<u>28,121,711</u>	<u>-</u>	<u>-</u>	<u>38,273,734</u>

21 Deferred income taxes (Cont'd)

	Unrealised gains on changes in fair value of investments Baht	Prepaid expense Baht	Total Baht
Deferred tax liabilities			
At 1 January 2020	542,478,527	14,666,667	557,145,194
Decrease to profit or loss	-	(8,000,000)	(8,000,000)
Decrease to other comprehensive income (loss)	(33,391,834)	-	(33,391,834)
At 31 December 2020	509,086,693	6,666,667	515,753,360
At 1 January 2019	149,108,159	17,777,778	166,885,937
Decrease to profit or loss	-	(3,111,111)	(3,111,111)
Increase to other comprehensive income (loss)	393,370,368	-	393,370,368
At 31 December 2019	542,478,527	14,666,667	557,145,194

As at 31 December 2020 and 2019, the Company had unutilised deductible temporary tax difference that the Company did not recognise as deferred tax assets in the financial statements as follows:

	2020	
	Expiry date	
	Within 12 months Baht	Over 12 months Baht
Employee benefit	-	21,929,487
Leasehold demolishing cost	-	6,674,579
Expected credit loss	-	8,178,337
Allowance for doubtful accounts	-	394,064
	-	37,176,467
2019		
Expiry date		
	Within 12 months Baht	Over 12 months Baht
Employee benefit	-	18,012,193
Leasehold demolishing cost	-	6,181,079
	-	24,193,272

22 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 2020, total liabilities for share-based payment in the statement of financial position are amounted to Baht 69,252,354 (2019: Baht 69,572,418) presented in employee benefit obligations.

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 2020 was USD 471,755 (2019: USD 390,720).

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

	2020		2019	
	Average exercise price per share (USD)	Options (Shares)	Average exercise price per share (USD)	Options (Shares)
At 1 January	129.73	8,878	127.25	8,141
Granted	150.10	3,143	133.90	2,918
Exercised	146.65	(806)	147.70	(1,555)
Forfeited	-	(2,624)	-	(626)
Expired	-	-	-	-
At 31 December	135.34	8,591	129.73	8,878

As at 31 December 2020, out of the 8,591 outstanding options (2019: 8,878 options), 4,360 options (2019: 4,546 options) were exercisable.

For exercised options during the year ended 31 December 2020, the weighted-average fair value of stock was USD 146.65 per share (2019: USD 147.70 per share).

22 Share-based payment (Cont'd)

Share options outstanding as at 31 December 2020 and 2019 have the following expiry date and exercise prices:

Expiry year	Exercise price per share (USD)	Options (Shares)	
		2020	2019
2020	50.37	-	-
2021	62.64	-	-
2022	73.35	52	52
2023	85.39	79	79
2024	96.76	269	269
2025	114.78	661	1,019
2026	118.39	986	1,475
2027	139.01	1,154	1,760
2028	143.07	798	1,456
2029	133.90	1,870	2,768
2030	150.10	2,722	-
Outstanding balance		8,591	8,878

The weighted average fair value of options granted during the year, determined using the Black-Scholes option-pricing valuation model, was USD 19.89 per option (2019: USD 18.78). The significant inputs into the model were exercise price of USD 150.10 (2019: USD 133.90) at the grant date, the exercise price shown above, volatility of 18.00% (2019: 16.00%), dividend yield of 2.08% (2019: 2.24%), an expected option life of 10 years and an annual risk-free interest rate of 2.08% (2019: 2.56%).

Restricted Stock Plan

Under Chubb Limited's long-term incentive plan, there were 2,356 restricted stock, with weighted average fair value at USD 150.10 per share, awarded to eligible employees during the year ended 31 December 2020 (2019: 2,194 restricted stock, with weighted average fair value at USD 133.90 per share). 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 2020 was Baht 8,507,966 (2019: Baht 7,936,309).

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 2020, employees paid for purchase of ordinary shares of Chubb Limited was Baht 1,911,842 (2019: Baht 3,172,776).

23 Other liabilities

	2020 Baht	2019 Baht
Tax payable	21,009,587	21,033,751
Lease liabilities	42,208,940	-
Others	16,709,560	9,005,510
Total	79,928,087	30,039,261

23.1 Lease liabilities

The maturity analysis of lease liabilities is aged as follows:

Maturing	2020 Baht
Within 1 year	40,907,573
Between 1 to 2 years	712,075
Between 2 to 3 years	589,292
Between 3 to 4 years	-
Between 4 to 5 years	-
Later than 5 years	-
Total	42,208,940
<i>Including: - Principal</i>	42,871,901
<i>- Deferred interest expense</i>	(662,961)

For the year ended 31 December 2020, interest expense on lease liabilities amounted to Baht 1,778,270 is recorded as "Finance cost" in the statement of comprehensive income.

In May and June 2020, the Company received discounts in the lease payments from lessor due to the COVID-19 situation. The Company has reduced the lease liabilities, reversed depreciation charge on the right-of-use assets and interest expenses on the lease liabilities and recognised the difference in profit or loss according to TFAC announcement on the temporary measures to relieve the impact from COVID-19. The adjustment is immaterial to the financial statements.

24 Operating expenses

	2020 Baht	2019 Baht
Employee expenses not relating to underwriting expenses and claim management expenses	289,770,593	299,581,337
Property and equipment expenses not relating to underwriting expenses	122,946,335	112,933,797
Tax expenses	743,149	901,010
Selling and administrative expenses	183,165,205	184,293,504
Other operating expenses	47,452,030	45,728,797
Total operating expenses	644,077,312	643,438,445

25 Employee benefit expenses

	2020	2019
	Baht	Baht
Salary	210,041,007	220,518,324
Social security fund	1,024,306	1,538,508
Contribution to defined benefit plan	9,186,021	8,363,742
Bonus	65,593,360	58,667,739
Other employee benefit expenses	55,633,918	52,264,440
Total employee benefit expenses	341,478,612	341,352,753

26 Expected credit loss

	2020
	Baht
Cash and cash equivalents	(172,306)
Investments in securities	8,728,375
Total expected credit loss	8,556,069

27 Income tax expenses

	2020	2019
	Baht	Baht
Current tax:		
Current income tax on taxable profits for the year	33,507,043	41,243,847
Total current tax	33,507,043	41,243,847
Deferred tax:		
Increase in deferred tax assets (Note 21)	(1,218,635)	(26,787,316)
Decrease in deferred tax liabilities (Note 21)	(8,000,000)	(3,111,111)
Total deferred tax	(9,218,635)	(29,898,427)
Total income tax expenses	24,288,408	11,345,420

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

	2020	2019
	%	%
Income tax rate used	20	20
Temporary difference		
Commission and brokerages	3	-
Insurance claims	(3)	3
Other operating expenses	10	2
Permanent difference	-	-
Recognition of deferred tax	(8)	(18)
Effective tax rate	22	7

Income tax rate used for 2020 is 20% (2019: 20%).

Chubb Life Assurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

28 Tax effects from other comprehensive income (loss)

	2020			2019		
	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	(3,178,649)	635,730	(2,542,919)	8,778	746,340	755,118
Remeasurements of investments measured at fair value through other comprehensive income	(168,278,311)	33,391,834	(134,886,477)	1,966,851,842	(393,370,368)	1,573,481,474
Total	(171,456,960)	34,027,564	(137,429,396)	1,966,860,620	(392,624,028)	1,574,236,592

29 Share capital

	Ordinary shares	
	Number of shares	Baht
At 31 December 2018	139,025,000	1,390,250,000
Issue of shares	-	-
At 31 December 2019	139,025,000	1,390,250,000
Issue of shares	-	-
At 31 December 2020	139,025,000	1,390,250,000

30 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.

	2020	2019
Net profit for the year (Baht)	84,976,788	159,014,240
Weighted average number of ordinary shares in issue during the year (shares)	139,025,000	139,025,000
Basic earnings per share (Baht)	0.61	1.14

There are no potential dilutive ordinary shares issued for the years ended 31 December 2020 and 2019.

31 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

	2020 Baht	2019 Baht
Affiliate Company		
Premiums ceded to reinsurers	2,454,352	3,935,397
Commissions and brokerages	702,696	859,074
Operating expenses	10,372,788	25,668,578

b) Statements of financial position

	2020 Baht	2019 Baht
Assets		
Affiliate Company		
Other assets	3,208,284	2,827,645
Liabilities		
Parent Company		
Employee benefit obligations	69,252,354	69,572,418
Affiliate Company		
Amount due to reinsurance	1,417,155	3,935,397
Other liabilities	9,670,334	4,987,734
Other creditors	73,044	73,038
Accrued commission expenses	597,160	620,129
Accrued expenses	7,189,891	4,327,860
Equity		
Parent Company		
Other reserve	16,473,035	5,223,374

32 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 2020 and 2019 are as follows:

	2020	2019
	Baht	Baht
Short-term employee benefits	92,150,966	82,284,796
Long-term employee benefits	777,493	680,695
Total	<u>92,928,459</u>	<u>82,965,491</u>

33 Assets deposited with Insurance Registrar

As at 31 December 2020 and 2019, 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	
	2020	2019
	Baht	Baht
Government bonds	<u>37,612,283</u>	<u>37,898,449</u>

34 Assets pledged as reserve with registrar

As at 31 December 2020 and 2019, 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	
	2020	2019
	Baht	Baht
Government bonds	<u>3,211,473,294</u>	<u>3,228,551,540</u>

35 Contribution to Life Insurance Fund

In compliance with the Life Insurance Act B.E. 2535, as at 31 December 2020, the Company had cumulative contribution to Life Insurance Fund amounted to Baht 45,683,557 (31 December 2019: Baht 39,515,646).

36 Commitments

As at 31 December 2020, the Company had future aggregate minimum lease payments under non-cancellable low-value assets leases and other general service agreements not within the scope of TFRS 16. Prior to the adoption of IFRS 16, the Company had future aggregate minimum lease payments under non-cancellable buildings and improvements as follows:

	2020		
	Operating lease Baht	Service fee and others Baht	Total Baht
Due within 1 year	492,832	7,407,620	7,900,452
Due more than 1 year but no later than 5 years	574,206	1,200,000	1,774,206
	<u>1,067,038</u>	<u>8,607,620</u>	<u>9,674,658</u>
	2019		
	Operating lease Baht	Service fee and others Baht	Total Baht
Due within 1 year	24,327,050	5,490,373	29,817,423
Due more than 1 year but no later than 5 years	24,471,152	2,377,014	26,848,166
	<u>48,798,202</u>	<u>7,867,387</u>	<u>56,665,589</u>

37 Events occurring after the reporting period

On 5 January 2021, the shareholders at the Annual General Meeting passed a resolution to approve the increase of registered share capital amounting to Baht 486,000,000 from Baht 1,390,250,000 to Baht 1,876,250,000 by issuing the ordinary share of 48,600,000 shares with par value of Baht 10 per share. On 25 January 2021, the issued shares were fully paid-up.