

1.2 Policy Business Objective and Strategies of the business

In 2022, THREL's reinsurance gross written premiums (GWP) totaled THB 2,965 million which increased by 1.8 percent from the previous year, which was slightly higher than average result of life insurance market, overall the Company has captured reinsurance market share of 13 percent. The Company had more product launched with life insurers, where the Company's GWP has higher proportion of health insurance products in the portfolio. As for individual insurance and group insurance, it had been impacted by economic conditions and decreased quota share on one of our major policies in 2022, which impacted to lower growth in GWP. In 2022 had proven to be a successful year for the company in expanding business to international market, especially we had focus our effort in Indonesia and Taiwan through Credit Life and Health-Critical Illness products including monitoring our contracts with Life Insurance market in Lao.

From the trend on market demand on health insurance and Life Insurance companies would offer wide range of products and services. Through partnership with other insurers, and reinsurers, the Company has continued to pursue product innovation to enhance value added service. On distribution channel, the Company transacted business directly with all 21 domestic life insurance companies. The Company pursued business opportunities in exploring and offering products through all types of channels such as on-line media, telemarketing ,agents, and financial institutions. Our focus had been on products in trend such as products for elderly, Accident and Health Insurance. The Company's reinsurance contracts signed with insurance companies allow for an active role in supporting the following areas: jointly manage underwriting and monitor claims to aim for good underwriting results, products offering through pilot groups including monitor and set up process for product launch, and support on technical considerations to evaluate acceptance and payment of claims. The Company continued to pursue growth strategy by develop a new business unit to explore Alternative Market, which covered exploring new partners and markets with business developed in Indonesia, Taiwan, and Cambodia. In addition, we have established partnerships with reinsurer, partner, broker on new products and alternative solutions in order to expand our ecosystem. The Company had continued to monitor claim (loss ration) to ensure strong profitability through risk and capital management as well as knowledge sharing on technical and underwriting guidelines to our insurer customers.

However, Life Insurance sector had impacted by higher expense from claim, which was amounted to THB 2,803 million, which considered to be 5% higher than last year. The main reason of higher claim were due to claim expense from health and group facultative, higher amount of treaties, especially from those that return to seek medical treatment after COVID-19 had been relaxed.

Compliance with all the regulatory requirements and high standards of corporate governance have built up a level of trust with customers that has strengthened its ability to be a leading player in the life insurance market. The Company's CAR at the end of 2022 was 346 percent, exceeding our threshold of 300 percent. This implied that the credit risk that life insurers carry in their CAR calculations is at the lowest possible level when reinsuring with THREL, equivalent to a AAA rating for a foreign reinsurer. In addition, the Company obtained a financial strength rating of A- (Excellent) Stable, from AM Best and selected to be on the list "Thailand sustainability Investment (THIS) " for 2nd consecutive years as well as granted "Rising Star



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Sustainability Award" by The Stock Exchange of Thailand (SET). This reflected company dedication towards ESG and sustainability growth.

Life insurance business would likely continue to be stable compared to the previous year based on the following factors:

1. The new normal impacted changes in people lifestyle resulting in changes of market trend, including the importance of having health insurance. To capture the market trend, advertisement, product offering including sales processes and services for life insurance industry.
2. The global trend of aging society and the health impact will increase the opportunity of life and health insurance products that cover financial planning and health protection/medical expenses.
3. The volatility of investment yield which currently is driven by external factors, impacting life insurance business where consumers continue to seek for higher return, while life insurance companies are facing the challenge of managing financial instruments and guarantee return for insurance products.
4. The disruption of technology leads to a change in selling and marketing approach to response to people in digital eco system through online marketing to provide quick and convenient services through all distribution channels for life insurance.

However, in 2023, we are still facing challenges from inflation, higher interest rate, tough competition in health insurance for both domestic and international market with higher risk from the higher number of people seeking medical treatment, and higher cost, which could expose the company to potential expense increase. With the change of International Financial Report Standards (IFRS17) will be in force in January 2025, we will be focusing our effort in process and system transition and adaptation to the new accounting and financial standard as well as getting ourself onboard with the era of digital eco system.

In view of the challenges discussed above, the company seeks for new business opportunities by explore product innovation, services fulfillment, new markets and new partners in order to build exponential and sustainable growth for long term.

1. The Company initiates/develops new products and services in response to digital disruption and aging society by offering product concepts to include both financial planning and health protection/medical expenses through new channels i.e., Digital/Online channel. Nevertheless, the Company also supports under writing and claim consultant along with portfolio management by monitoring loss ratio and premium adequacy.
2. The Company aims to expand to new market to Southeast Asia which in 2016, Company has joint venture in TKI Life Insurance Company Limited, established in Lao PDR to perform all types of life insurance business and company could earn income. In 2023, the Company continues to seek opportunities in Indonesia, Taiwan, and Cambodia, to expand market growth along with our insurers and brokers partners.



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3. The Company explores potential strategic business partnerships to create life insurance business solutions as well as increase new idea and technical capability for product development and service. At present, the Company continues to explore partnerships from International reinsurance Company, International brokers and Start-up companies to provide total solution for new products including digital platform as well as health services that response to new lifestyle.
4. The Company places importance on roles and corporate responsibility in monitoring and raise quality of social and environment in addition to meet our financial objective. The Company has adopted the concept of sustainability in its business operations by establishing four sustainability guidelines:
 - 1) Caring for society and the environment
 - 2) Conducting business with ethics
 - 3) Establishing financial strength and business security
 - 4) Caring for employees and creating customer satisfaction. These guidelines are integrated into the business strategies so that it can grow steadily and sustainably while creating value for all stakeholders.