



THAIRE LIFE ASSURANCE PUBLIC COMPANY LIMITED

Analyst Meeting FY2020

2 March 2021

Disclaimer

The information of this presentation is the intellectual property of “Thaire Life Assurance Public Company Limited” (THREL). You may not reuse, republish or reprint or duplicate such information without written consent of THREL.

All information is solely for reinsurance purpose. While the information of this presentation has been verified to the best of abilities, THREL cannot guarantee that there are no mistakes, errors.

THREL reserves the right to change the information at any given time, of which you will be promptly updated. If you would like to ensure the up-to-date information, please [visit our website : www.thairelife.co.th](http://www.thairelife.co.th)

Agenda

Section 1 About THREL & Business Overview

Section 2 Thailand Life Insurance Market

Section 3 Financial Performance

Section 4 Outlook & Strategic Plan

Section 5 ESG project

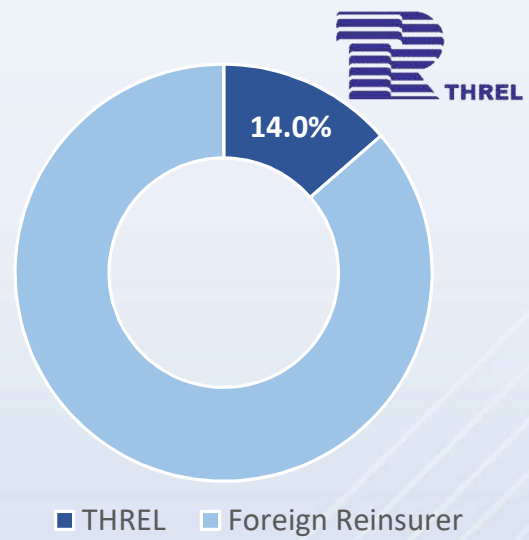
About THREL & Business Overview



THREL at a glance

- THREL is only local life reinsurance company in Thailand
- THREL established in 2000 and listed in the SET since October 9, 2013
- Though all 22 domestic life insurance companies are customer of THREL

Thailand Life Reinsurance Market Share in 2020F



Global Competitors

Global Competitors:

- RGA
- Swiss Re
- SCOR - The Art & Science of Risk
- Munich RE
- KOREAN RE
- ToaRe



THREL Business Profile Update



A.M.Best Rating

A-

CAR

429%

As at 31Dec20
(Unaudited)

AGM Score

100 full score



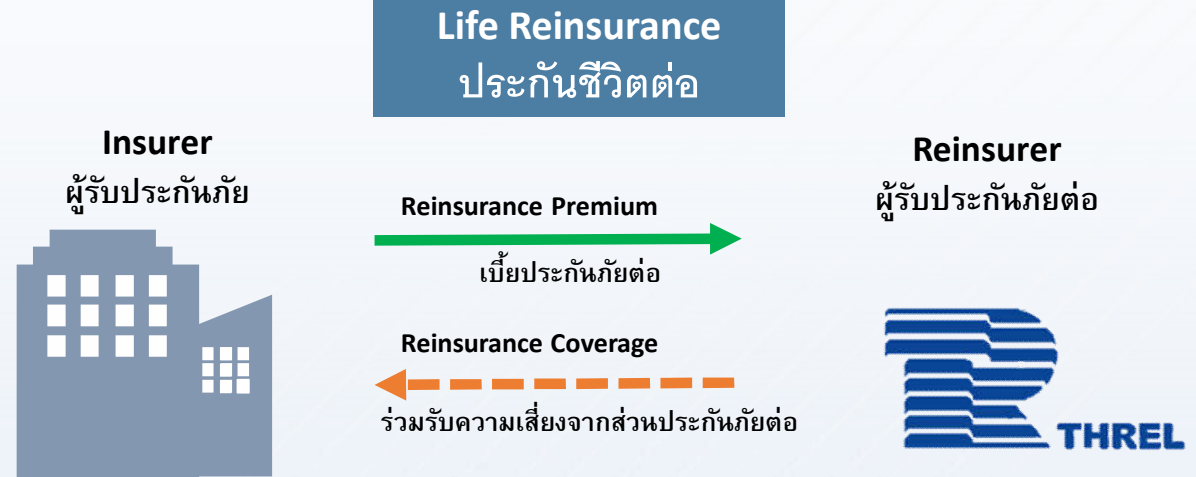
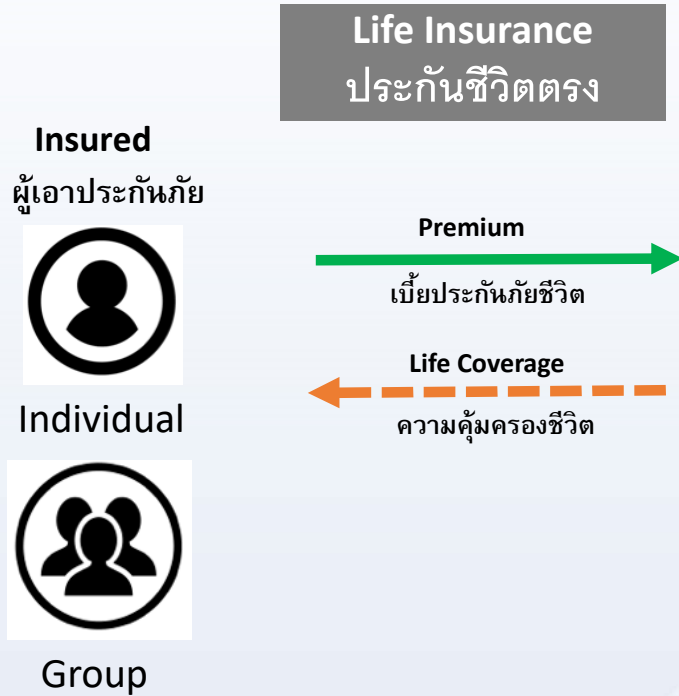
“excellent” level

CG Score



“excellent” level

What THREL do?



- **We are only one Reinsurer with local service.**
THREL มีความเข้าใจตลาดและให้บริการได้รวดเร็ว
- **We maintain CAR >300% which equivalent to Credit rating AAA of OIC guideline.**
ลูกค้าจะมีต้นทุนที่ถูกกว่าหากใช้บริการกับ THREL
- **We gain market share 15-20% in Thai market.**
THREL เป็นบริษัทชั้นนำในตลาดประเทศไทย

Characteristics of THREL

OUR PRODUCTS



1. Ordinary Life



2. Group Insurance



3. Credit Life & Mortgage



4. Personal Accident



5. Health Rider

BUSINESS MODEL

Conventional

Non-Conventional

OUR SERVICE



REINSURANCE SOLUTION



PRODUCT DEVELOPMENT



TECHNICAL TRAINING



MEDICAL UNDERWRITING AND CLAIM MANAGEMENT

THREL Business Model

CONVENTIONAL

Conventional reinsurance is reinsurance provided for life insurance companies which make all arrangements by themselves, ranging from policy format to marketing and sales of products.

- + Market existence
- + Market penetration
- Price competition
- Uncontrollable underwriting quality

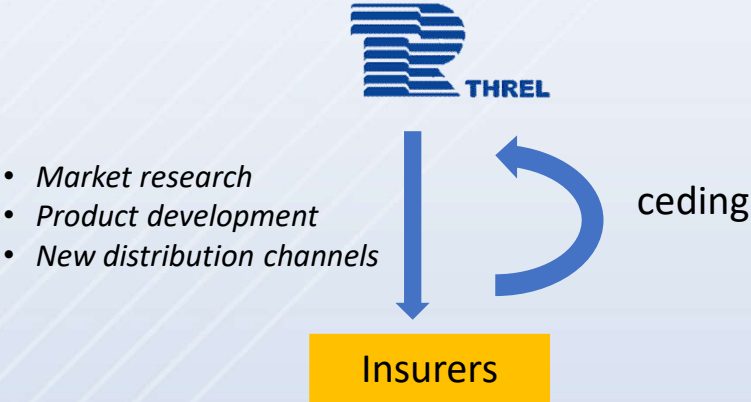
Strategy : Selective underwriting with adequacy protection

NON-CONVENTIONAL

THREL serves as an active reinsurer by participating in all activities with life insurance companies, ranging from new product launch and development to meet market demand. The both companies work together to determine appropriate product and pricing as well as sharing ratios.

- + Capability to control underwriting quality
- + Make full benefit from local market knowledge
- Require more time and effort to penetrate and create new market

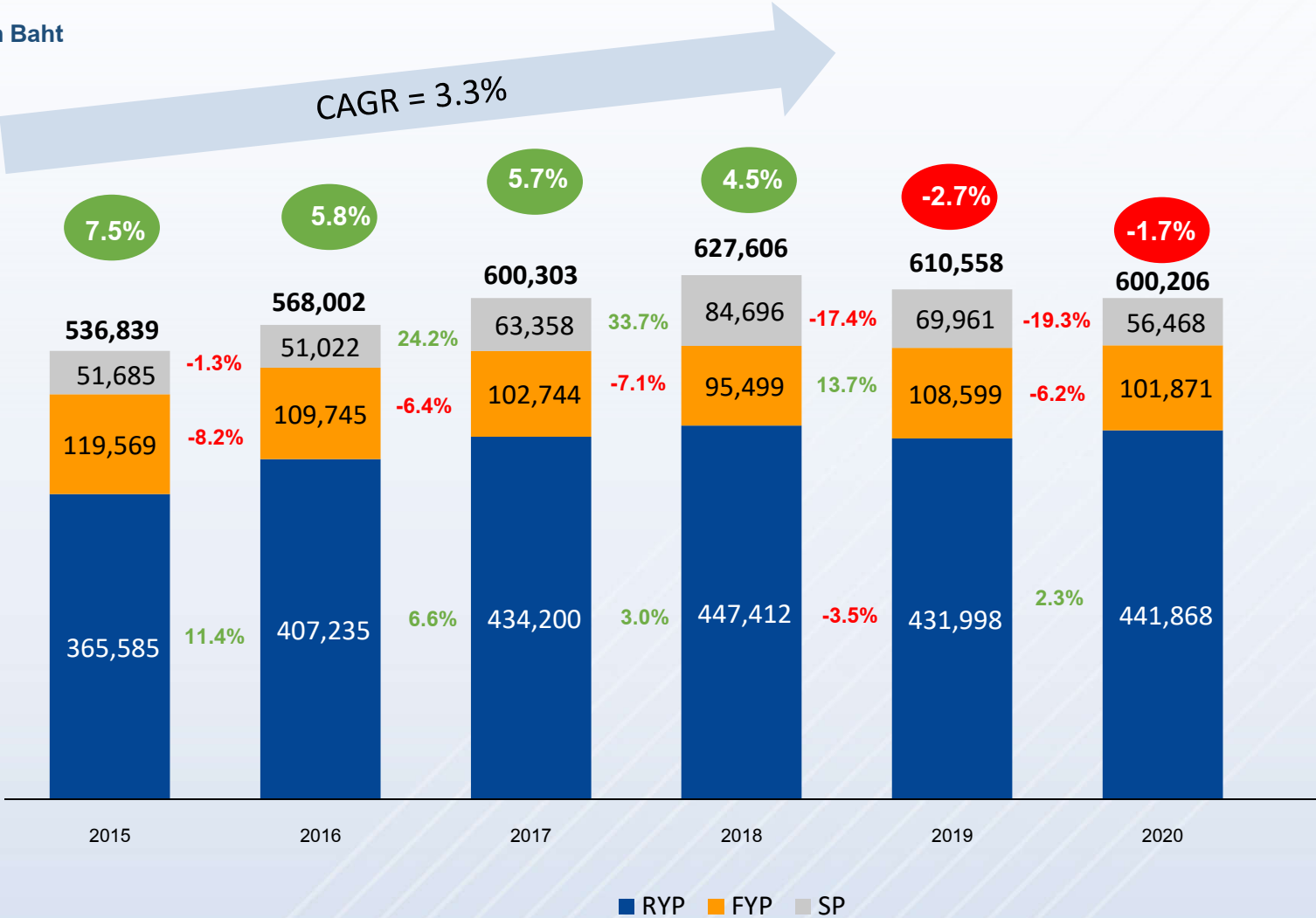
Strategy : Innovative with pricing model



Thailand Life Insurance Market

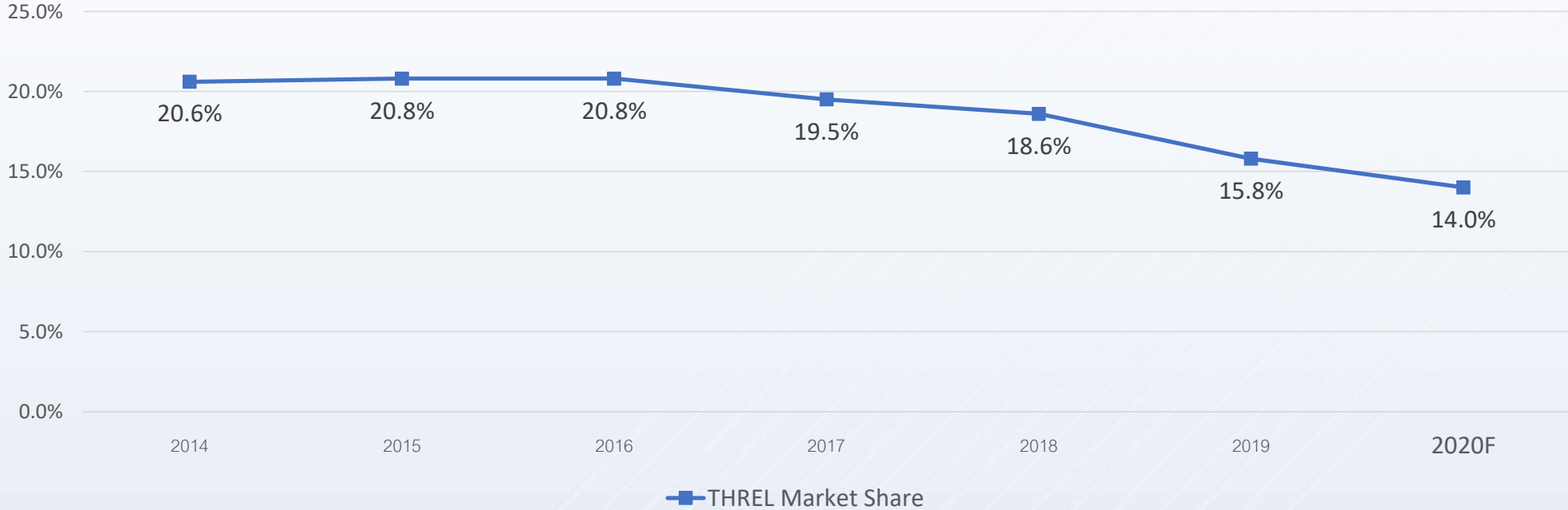
Thailand Life insurance Market

Million Baht

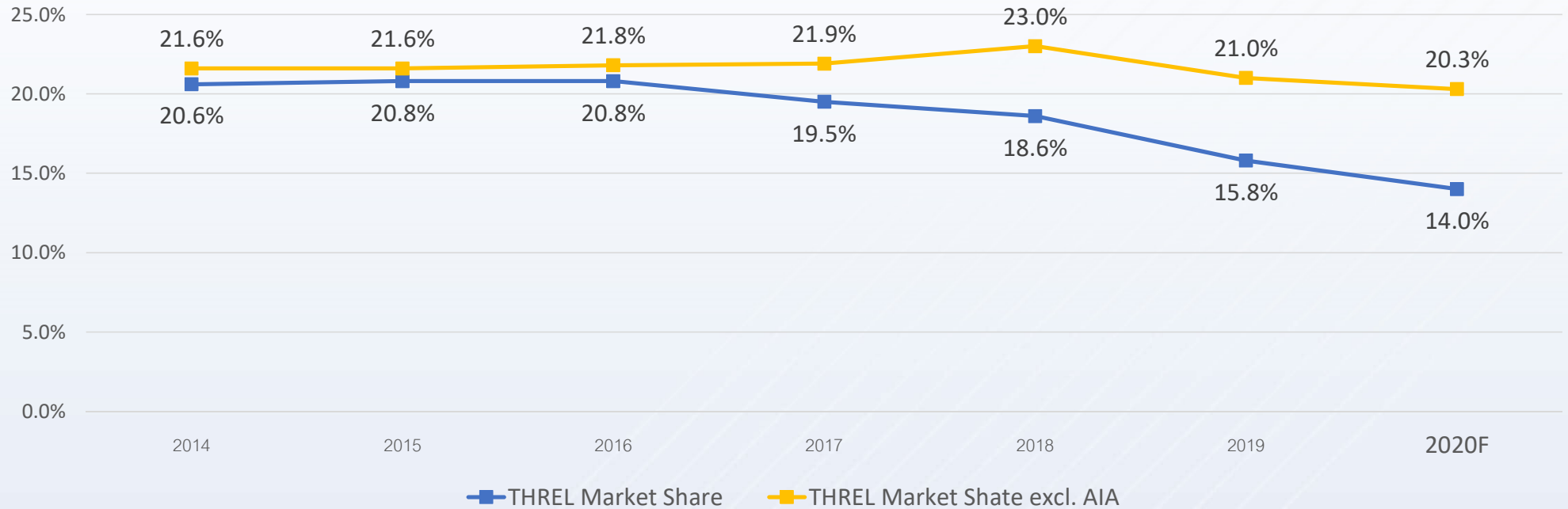


- TLAA has announced the total premium of 2020 amount 600,206 million baht or -1.7% (Ref. TLAA @17 Feb 2021)
- However; there might have an upturn of the premium growth after COVID-19 lockdown relaxation due to the health and life insurance awareness
- Life insurance trend continue to be sales of Unit-linked, Universal life and participating policy due to the interest volatility and of course long term protection as well as health protection
- Digital insurance will be grew more faster due to the new normal behaviour

THREL Market Share



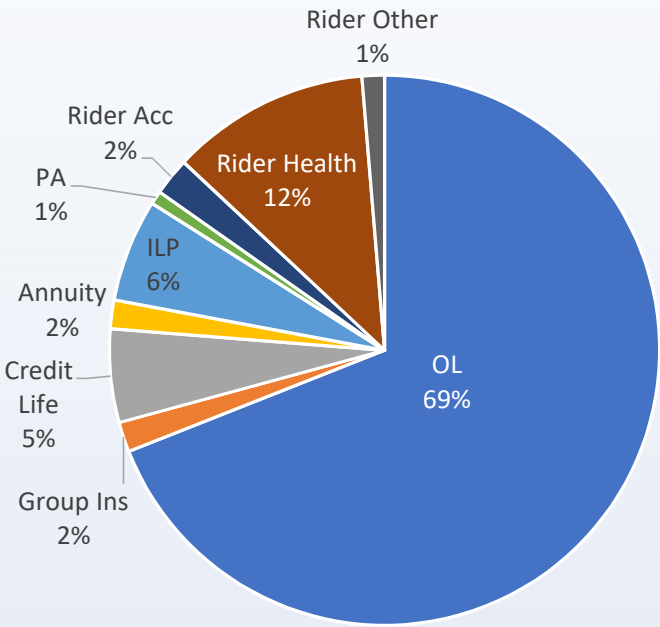
THREL Market Share



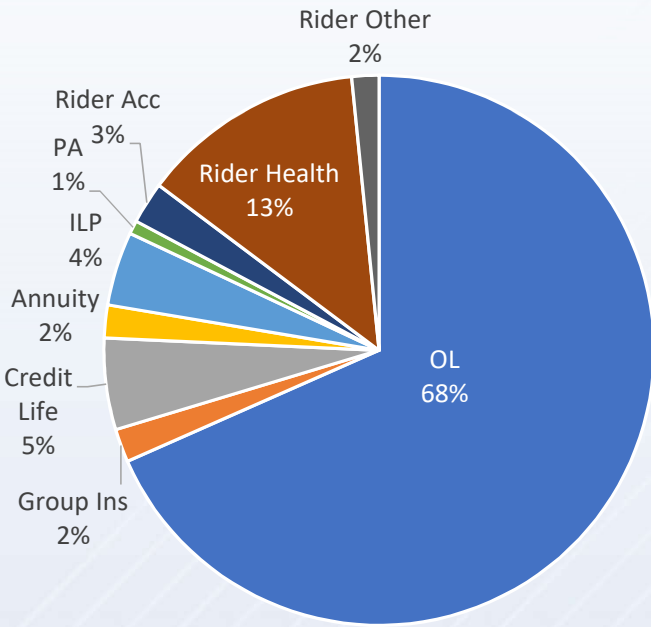
•THREL market share has been constantly at >20% however the drop started in 2017 mainly due to the growth of AIA reinsurance premium ceded caused a massive growth of reinsurance premium in the Thailand market .

Products in the life insurance market

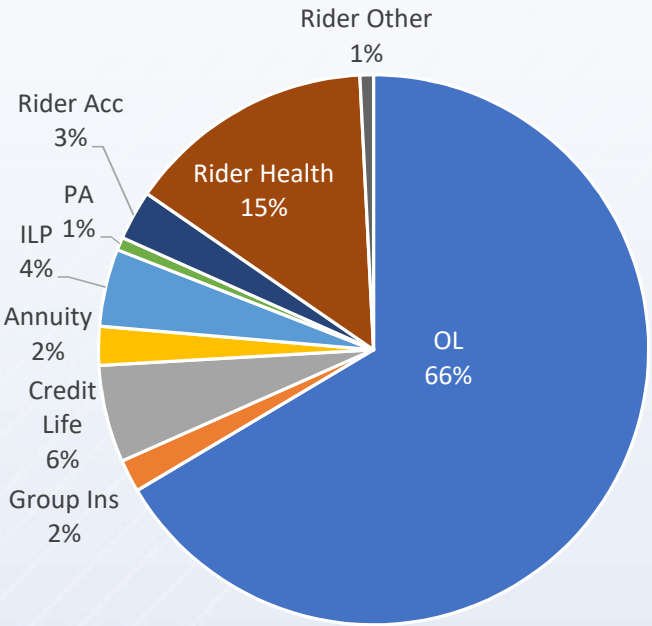
2018



2019



2020

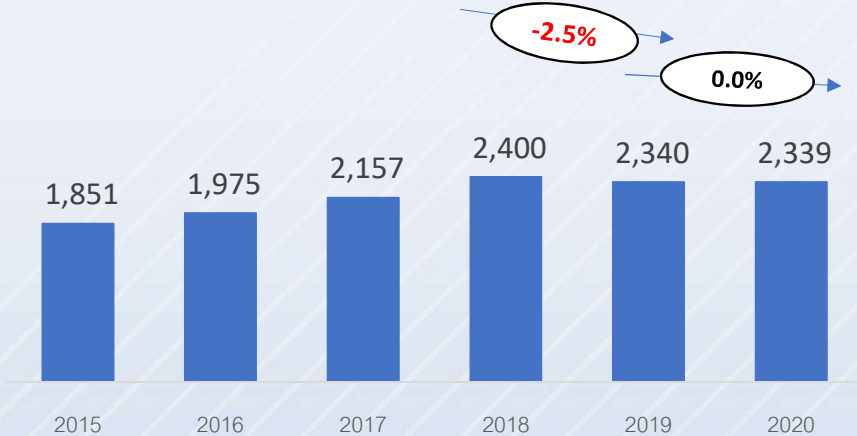
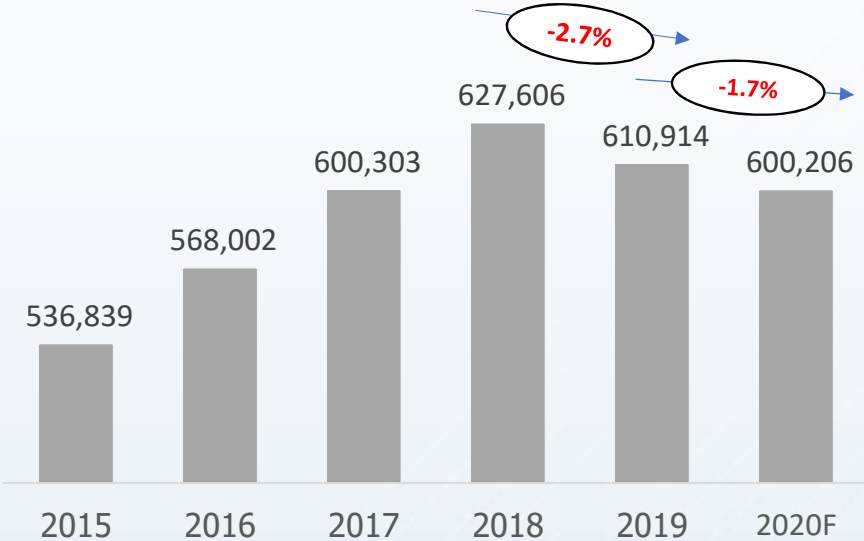


- Rider Health tends to increase in terms of share over the past 3 years – this shows significant market responses on consumer awareness of health conscious as well as ageing society – opportunity to grow in reinsurance market
- Ordinary life tends to shrink gradually – mainly caused from endowment product as a result of low interest rate in the money market
- However; group insurance are always grew constantly 8-10% as the SMEs number increased for the past few year and the employee protection are one of the key fringe benefit that attracts them to join or stay – demand are always there



Thailand Insurance Market Vs THREL

Million Baht



Key factor

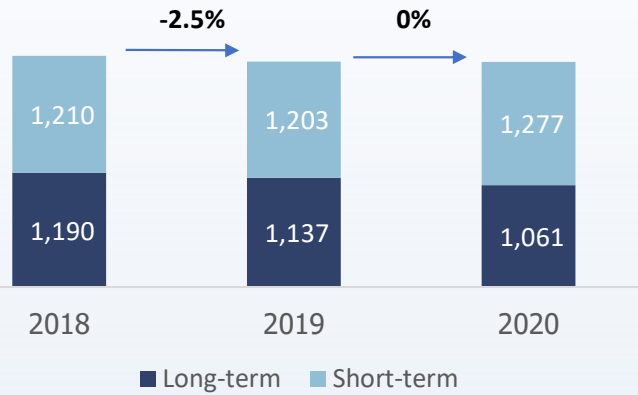
1. Covid-19
2. Low Interest Rate
3. Slowdown from Banking Sector
 - Lending e.g. SMEs
 - Loan to value Policy
 - NPL monitoring for TFRS#9
4. New Regulations
 - PDPA
 - IFRS#17

4Q & 2020 Financial Performance

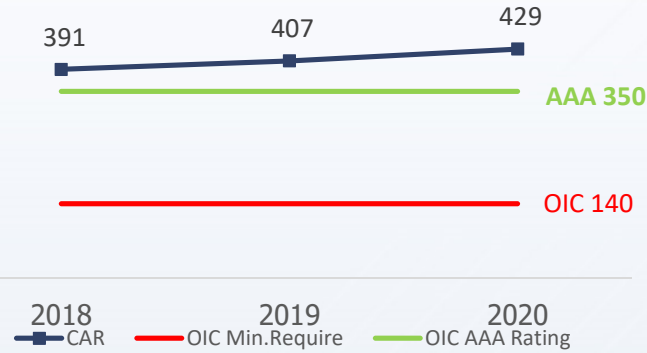
Key financial highlights 2018-2020

Million Baht

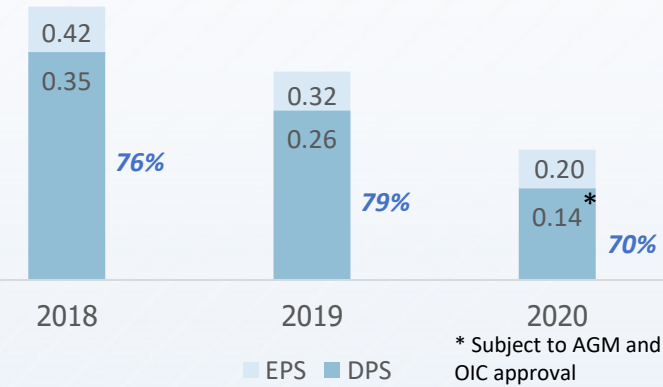
PREMIUM



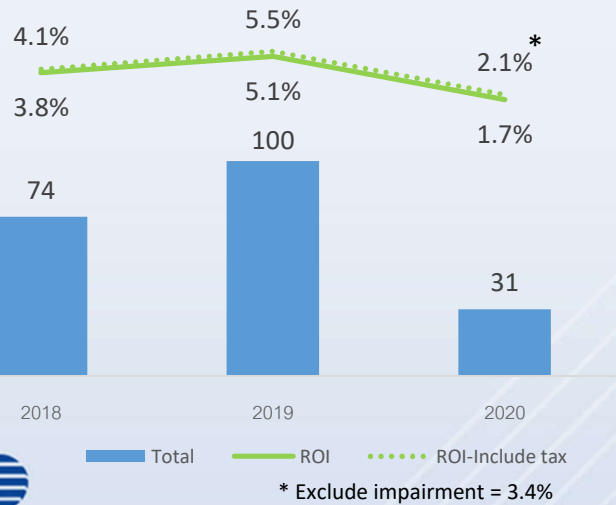
CAR



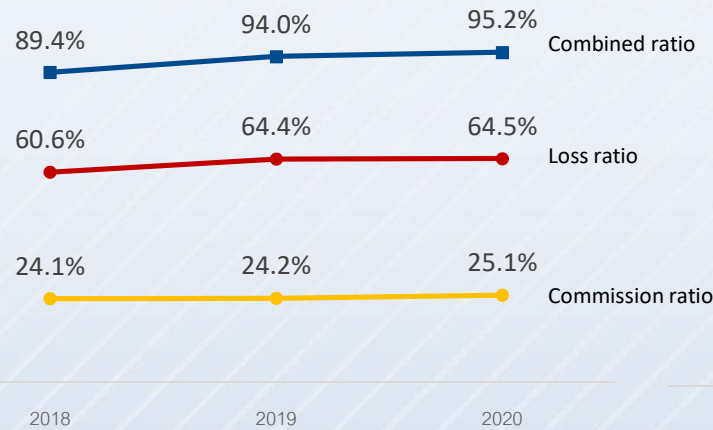
EPS & DPS & Payout Ratio



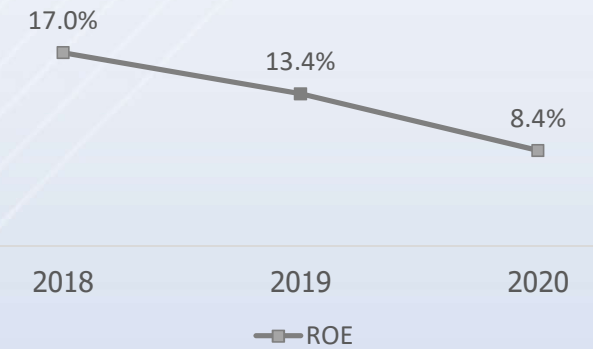
INVESTMENT INCOME



KEY RATIO

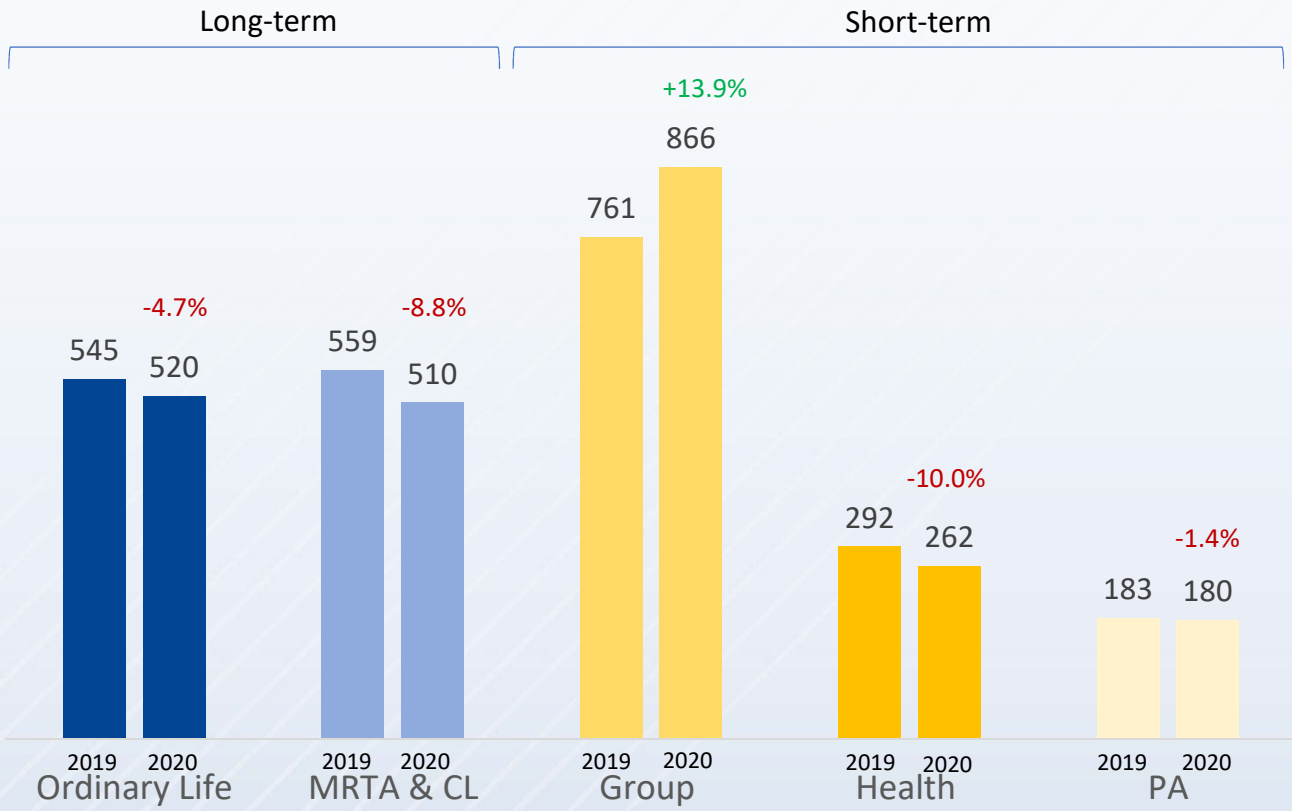
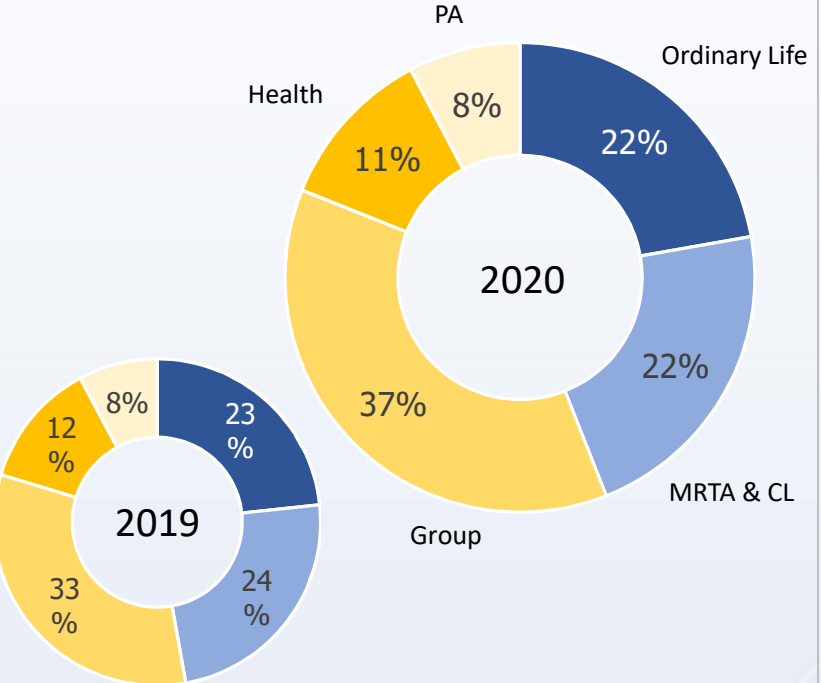


ROE



THREL Product Mix 2020 Vs 2019

Million Baht



Remark
 Group (Life, Health, PA)
 Health (Individual health & CI)

- Group (GR Health) increase due to the market demand.
- Health (Individual) decrease from terminated contract (34MB)
- Ordinary life and Credit Life insurance decreased due to market conditions and lower interest rates, especially in the conventional business.



Financial Performance 4Q2020 and 2020

Million Baht	4Q20	3Q20	4Q19	QoQ	YoY	2020	2019	YoY
Gross Written Premiums	513	581	513	-12%	0%	2,339	2,340	0%
Net written premiums	507	576	508	-12%	0%	2,319	2,324	0%
Net Earned Premium	589	593	555	-1%	6%	2,291	2,281	0%
Change in Long-term policy reserve	4	7	28	-39%	-86%	37	65	-42%
Unexpired risk reserves	0	0	10	0%	-100%	(10)	10	-200%
Net Claims	349	384	363	-9%	-4%	1,460	1,421	3%
Net Commission	135	146	131	-7%	3%	568	534	6%
Earning on UWD - bef expenses	101	57	22	78%	353%	235	252	-7%
Total Expenses	32	33	28	-3%	15%	130	126	3%
Earning on UWD - after expenses	69	24	(6)	192%	1264%	106	126	-16%
Net investment income and other	(9)	20	24	-142%	-135%	37	106	-65%
Profit before tax	60	44	18	37%	227%	143	232	-39%
Income Tax Expenses	11	6	2	82%	402%	21	38	-44%
Net Profit	49	38	16	29%	202%	121	194	-37%
EPS (Bt)	0.08	0.06	0.03			0.20	0.32	
Loss Ratio	59.6%	65.4%	70.3%			64.5%	64.4%	
Commission Ratio	23.1%	24.9%	25.4%			25.1%	24.2%	
Expenses Ratio	6.4%	5.8%	5.6%			5.6%	5.4%	
Combined Ratio	89.1%	96.1%	101.2%			95.2%	94.0%	

YE/2020

Premium: 0% growth

- Negative premium growth from long-term business at 76MB due to economic situations.
- Growth in health business at 75MB., both from new business on planned and quick-win actions to gain new business to subsidy life product.

Life policy reserve: End of special GPV reserve

- GPV reserve decrease 27.4MB due to the special reserve from recapture was done by the first half of 2020.

Claim: +39.6MB or 3%

- Residual claim from terminated contract 40MB
- Health claim was increased related to higher in health business, with the lower loss ratio

Underwriting expense (Commission) +37.1MB or 6%

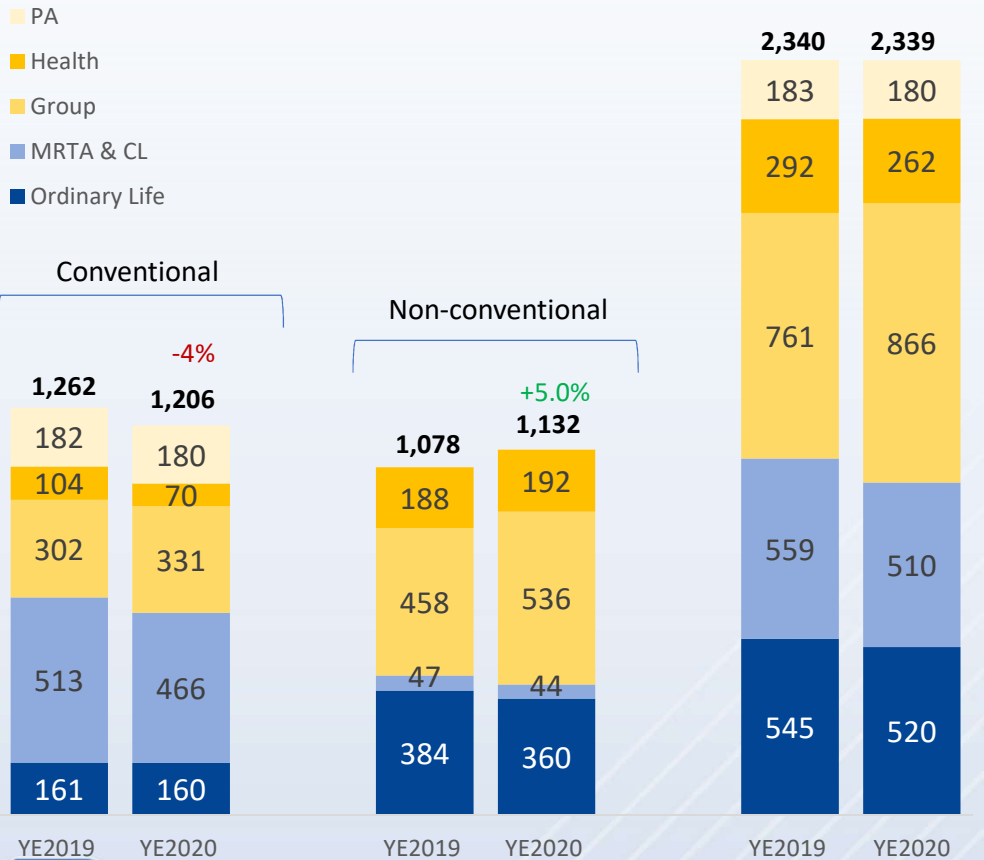
- increase related to growth in health product

Investment

- Impairment 24MB

Product Portfolio by Character of business (Con VS Non-con)

Million Baht



	2019			2020			%		
	Con	Non	Total	Con	Non	Total	Con	Non	Total
Premium	1,262	1,078	2,340	1,206	1,132	2,339	-4%	5%	0%
%Contribution	54%	46%	100%	52%	48%	100%			
Earned Premiums	1,261	1,020	2,281	1,203	1,089	2,291	-5%	7%	0%
URR	5	4	10	(5)	(4)	(10)	-200%	-200%	-200%
Life Policy Reserve*	(8)	73	64	(19)	56	37	-135%	-23%	-43%
Net Claim	769	652	1,421	756	704	1,460	-2%	8%	3%
Net Commission	335	199	534	344	224	568	3%	13%	6%
Profit fr UWD	160	93	252	127	109	235	-21%	17%	-7%
Loss Ratio	60.8%	69.1%	64.4%	61.7%	67.9%	64.5%			
Comission Ratio	26.5%	21.1%	24.2%	28.0%	21.6%	25.1%			
Expenses Ratio	5.4%	5.4%	5.4%	5.6%	5.5%	5.6%			
Combined Ratio	92.8%	95.6%	94.0%	95.3%	95.1%	95.2%			

Non-conventional business higher at 5% which contributed to total company port at 48%

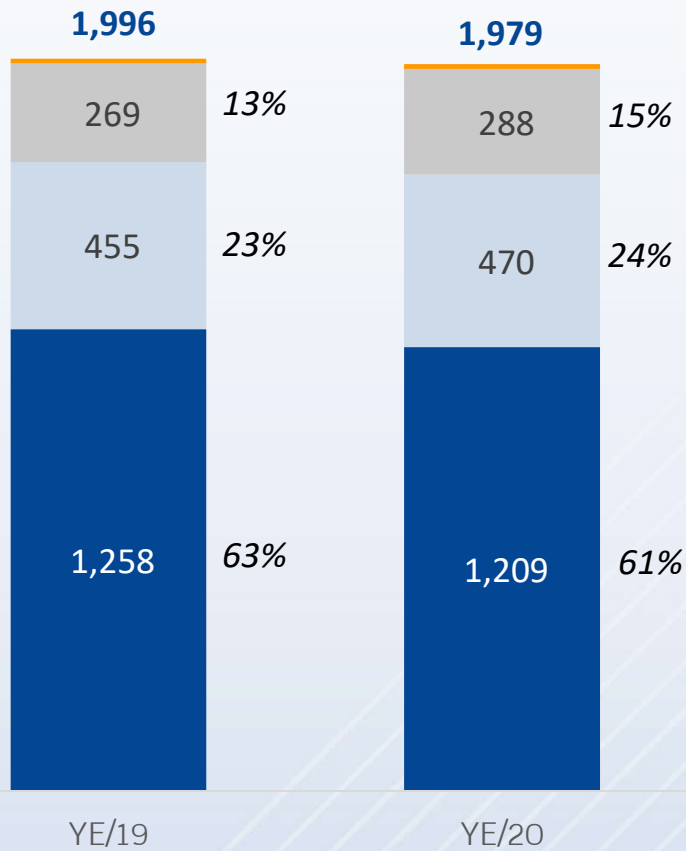
- Premium growth from both group business and health product
- Loss ratio of non-conventional improved from 69.1% to 67.9%
- U/W profit improved from 93MB to 109MB or 17%

Conventional business was impacted from COVID-19 situation

- COVID-19 impact the new lending activity which directly impacted to credit life product
- During 2020, there was residual claim from company's terminated treaty at 40MB

Investment Assets

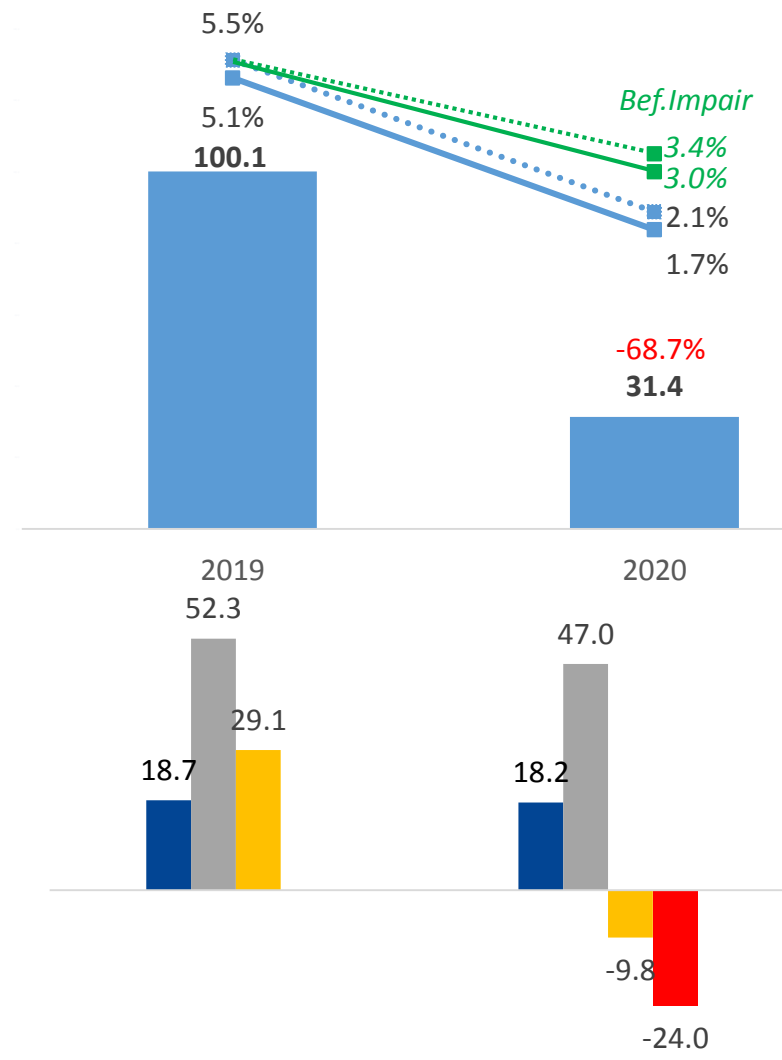
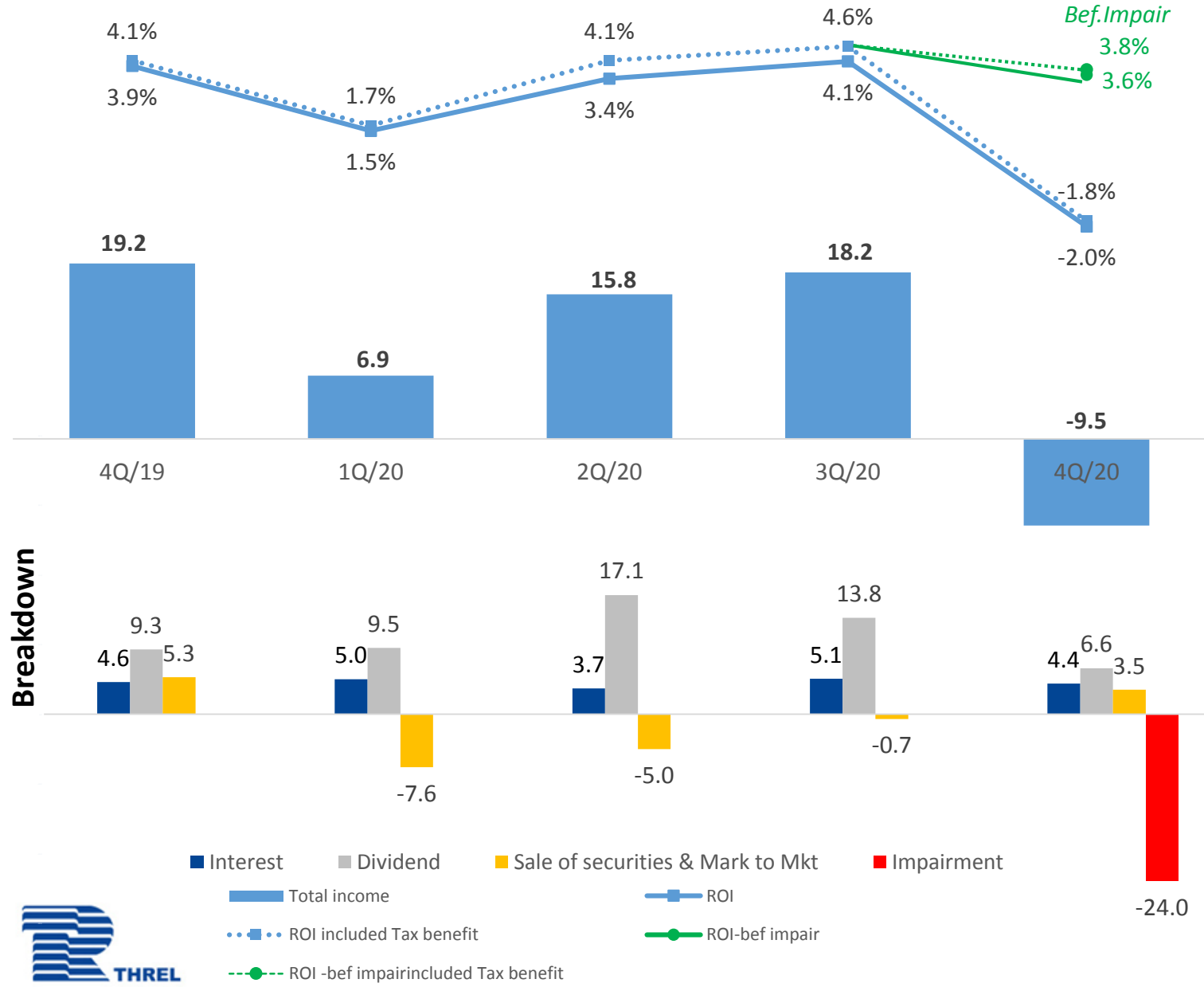
-1% YoY



- The proportion of Bank and Fixed Income decreased from 63% to 61% caused by more investing in stock dividend and REITs.
- Common stocks are classified as Available For Sale (AFS) in this year since 1Q/2020 and proportion of common stock nearly the same as last year.
- THREL manage investment by optimizing investment return vs risk charge under OIC regulation and focusing on both total ROI% and regulated ROI% (by OIC : ROI% = interest income + dividend income on total investment).

- Investment in Associated Co.,Ltd.
- Property Fund & Infra Fund & REITs
- Common Stock
- Bank & Fixed Income

Investment Income

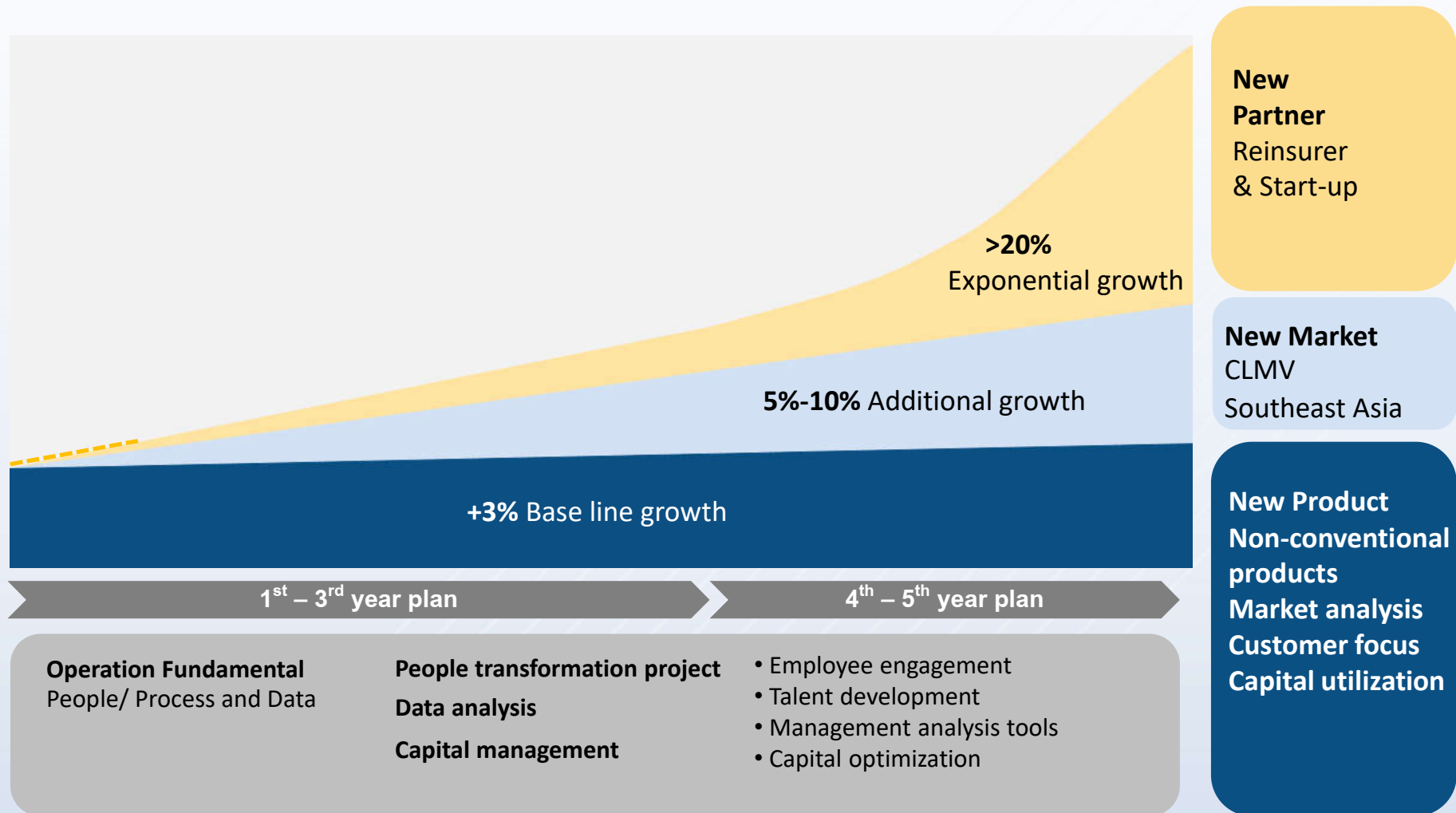


ROI was 1.7%, down from 5.1%. The YoY drop was due to the booking of an impairment loss of 24 mb in 4Q20.



Outlook and Strategic Plan

Outlook 2021 and Strategic Plan



Collaboration agreement with Pacific Life Re (PLRE)



- **Pacific Life Re Limited** is a wholly-owned indirect subsidiary of Pacific Life Corp (a U.S. company), the parent company of Pacific Life Insurance Company (a U.S. company) which is a top-5 US direct life insurer and established for 150 years mutual structure
- Headquarter: London, Europe: UK, Australia, North America: US, Canada, Bermuda, Asia: Singapore, China, Korea, Japan, Thailand
- Pacific Life Re Limited Singapore Branch offers specialist life and health reinsurance services throughout Asia.



1 Product development

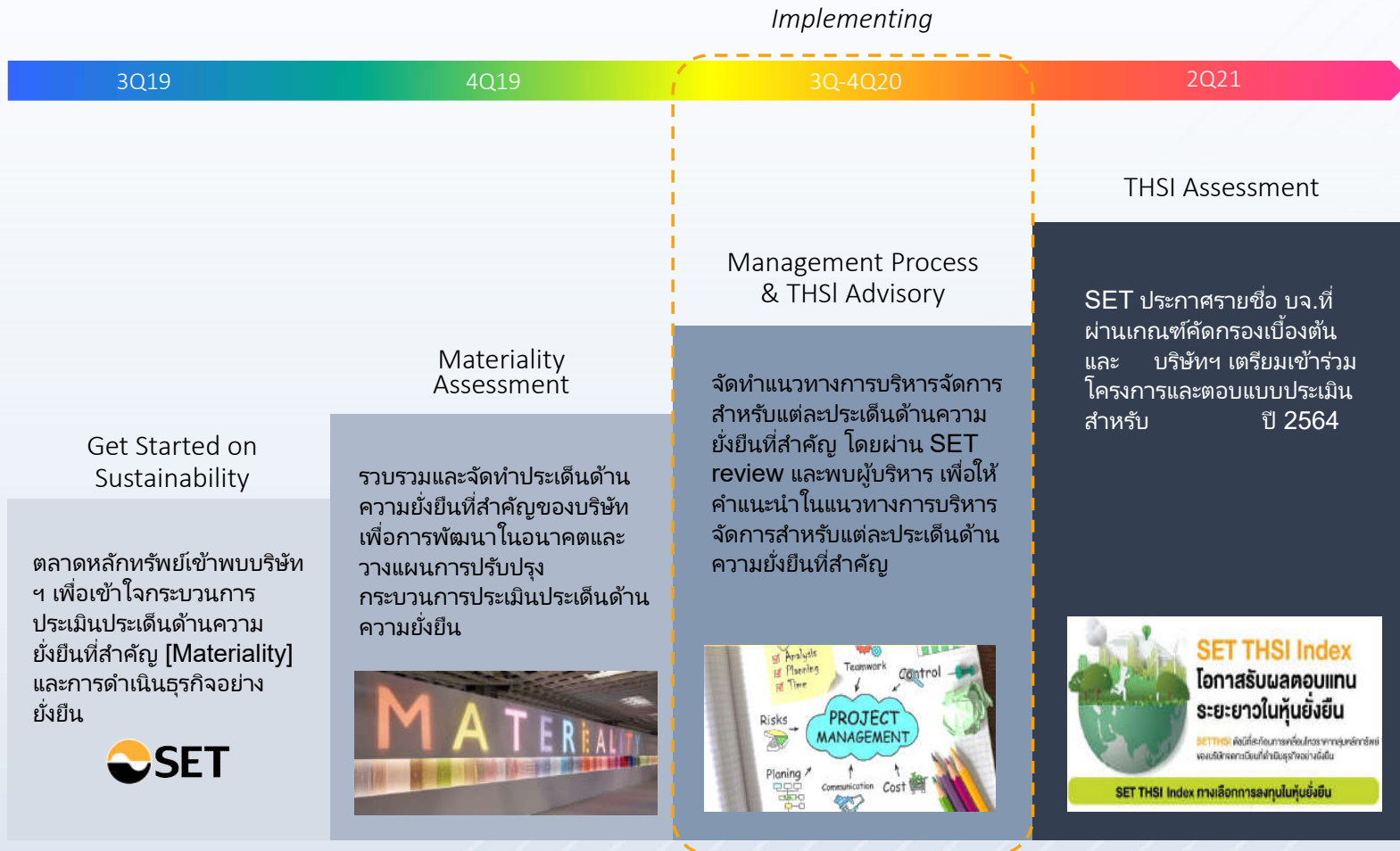


2 Data Analytics



3 Insurance technology

Kick start of ESG



- ▶▶ **Penetration rate**
The ratio of life insurance spending to GDP in 2019 found that Thai people spent only 3.6% of their revenue on their insurance premium while other countries that are more educated in life insurance spent around 10%.
- ▶▶ **Higher claim rate from Thai consumer behaviour**
- ▶▶ **Thai people focusing on investment more than protection in life insurance**

THANK YOU