
Letter to Shareholders

Dear Shareholders,

From 2020 to present, many countries around the world, including Thailand, have witnessed successive waves of the COVID-19 pandemic caused by multiple mutations of the virus. With the pandemic lingering on and becoming more severe than anticipated, Thailand recorded a cumulative number of more than 2.2 million infected people by the end of 2021, and the number is still climbing. This has led to a massive loss to the “Lump-sum Payout” COVID-19 policies and has gravely wounded the whole non-life insurance business.

THRE has likewise been hit hard by this crisis. Although we have exercised due care and limited our written premium for the “Lump-sum Payout” policies at only THB 70 million (versus THB 144 million in 2020), the much greater-than-projected number of infections has resulted in a significantly high amount of claims and relatively affected the overall performance of the Company.

The Company has already pondered on the mistakes from this crisis and outlined preventive measures against such mistakes.

In terms of our capital position, the Company’s capital adequacy ratio (CAR) as of Q3/2021 stood at 250%, far exceeding the OIC’s minimum requirement of 120%, and is expected to return to the level above 300% in 2022. The Company could also maintain a high international credit rating at “A-” or “Strong” with a stable outlook, as assigned by Fitch Rating, which demonstrated THRE Group’s solid financial position.

With the revival of the overall economy and economic activities predicted for 2022, the Company recognizes opportunities in many businesses that will be getting back on track such as traveling, tourism, and health insurance. We have made preparations in all aspects to cater to the growing demand for insurance.

Amid a hard market trend worldwide, the Company is also ready to grab this opportunity and expand into commercial line.

As for our service business, the Board of Directors at the Meeting No. 1/2022 approved the plan to spin-off a THRE’s subsidiary on the stock market. Through an ongoing process, the filing is scheduled for the latter half of 2022.

From 2021 operating results, the Company recorded a net loss of THB 356 million. If excluding the COVID-19 impacts particularly the Lump-sum Payout policies, the Company would earned a profit of around THB 348 million, a surge of 56.8% from the prior year’s profit of THB 222 million. Our performance, by business line, is as follows:

Reinsurance Performance

Gross written premium amounted to THB 4,407 million and net written premium of THB 4,033 million, an continually increase of 1.8% by growth in both personal line and commercial line.

Underwriting loss stood at THB 601 million. Without the COVID-19 impacts which primarily resulted from the Lump-sum Payout policies, the Company would have an underwriting profit of THB 279 million, up 416.7% from last year profit of THB 54 million thanks to the lockdown measures and travel restrictions, which helped to lower claims from motor insurance, and also to the recovery of property insurance. Combined ratio was 115.1%. Without the COVID-19 impacts, it would become 92.7%, improving from 98.9% in 2020.

Service Income

Net service income dropped 15.9% to THB 53 million due to higher expenses relating to group restructuring and impacts of the lockdown measures and travel restrictions amid the COVID-19 situation, and allowance for doubtful debts of THB 1 million from insurance companies that are under license revocation.

THRE Group included 1) EMCS Thai Co., Ltd. (EMCS), a provider of electronic motor claims applications, 2) Thaire Services Co., Ltd. (THRES), a provider of Third Party Administration services, 3) Thaire Innovation Co., Ltd. (THREI), a provider of innovative platform services for insurance business, and 4) Thaire Actuarial Consulting Co., Ltd. (THREA), a provider of actuarial consulting services. The Company has collaborated with these subsidiaries in aligning new technologies and innovations with our service formats, for example, Robotic Process Automation (RPA), Artificial Intelligence (AI), Blockchain & Cloud, etc.

In 2021, the Company restructured its subsidiaries by transferring THRES, THREI and THREA to be under EMCS with plan to list EMCS on the Market for Alternative Investment (“mai”), which is expected to be completed by 2022. This is aimed to clearly separate the reinsurance business and the technology and innovation business in order to develop and uplift our service quality towards sustainable revenue growth and expand investment in the subsidiary group which will gain direct access to funding from investors and become less financially reliant on the Company.

Investment Income

Net investment income was recorded at THB 103 million, down by 22.0% due to the COVID-19 impact which caused a decline in interest and dividend income.

Moving Forward

2022 will be the final year of our three-year strategic plan for 2020-2022. The Company will from now still embrace our vision, "To be the most valuable Personal Line Insurance Partner in Thailand and South East Asia." This denotes that the Company will accentuate the expansion of both reinsurance and service businesses and revamp the strategic plan to keep up with changes in competition and market conditions. Here are the highlights of our strategic plan:

1. Emphasize the expansion of personal line business, particularly accidental and health insurance for both conventional and non-conventional products. Non-conventional business will be expanded in the form of segmentation through development of new products and channels in collaboration with our customers or business partners, domestic and overseas, so as to deliver solutions that more truly suit the target in conjunction with the use of technology.

As for commercial line business, we will properly align our pricing with the market condition, which currently is trending towards a hard market.

2. Apply new technology, such as AI, blockchain, robotics, etc., to enhance operational efficiency and develop products or services for insurance business on a fully-integrated basis in a bid to grow reinsurance premium and service income.
3. Concentrate on fully-fledged expansion of reinsurance and service businesses into Southeast Asia (SEA) market. In 2021, THRE Group brought in premium income of THB 44 million from foreign reinsurance in Cambodia, Laos, Vietnam and the Philippines. For service business, we already entered into a Memorandum Of Understanding (MOU) to set up an entity in Cambodia, and are now making preparations for such business operation. For the time being, we also are in the process of conducting a study and concluding a business plan with our strategic partner for business expansion to Vietnam, with final conclusion expected in 2022. Our further target set to be attained by 2022 is to gain a foothold in both reinsurance and service businesses in the Philippines and Indonesia.
4. Broaden business cooperation with Fairfax Financial Holding Group and National Reinsurers in each ASEAN country to develop and build upon businesses in these countries to a greater extent.

However, the above plans shall be able to adapt flexibly according to any changing circumstances under current volatility market.

Yours sincerely,



(Mr. Oran Vongsuraphichet)

Chief Executive Officer