

Letter to Shareholders

Dear Shareholders:

In 2024, Thai non-life insurance business posted total premium of THB 286,458 million, growing by merely 0.5 percent. Thai Re, however, could remarkably outperform the industry average, boasting a growth rate as high as 8.3 percent with written premium of THB 5,310 million. The key factor contributing to our impressive growth was the alignment of our strategic plan with the overall reinsurance market situation, emphasizing the personal line expansion. We also pursued the strategy of joint market development with our business partners by introducing new products through various marketing platforms and developing the products with potentials for market expansion. Moreover, we accelerated our growth to ASEAN, which has consistently demonstrated a higher increase rate over the past five years (CAGR 2019-2023: Cambodia 10.4 percent; Vietnam 7.5 percent; Indonesia 7.4 percent; the Philippines 7.3 percent; and Thailand 3.9 percent). Accordingly, we could bring in gross written premium and net written premium from abroad of as much as THB 220 million, grew by 14.0 percent or equivalent to 4.4 percent of our total net written premium.

Our underwriting performance, we encountered an industry-wide challenge in the health insurance segment particularly the post-Covid-19 medical inflation with health care expenses rising by 10-15 percent per year. We foresee a more adverse impact from hospital visit rates, for both OPD and IPD, and from the fact that simple diseases, which normally can be treated in the OPD but turned to the IPD. This led to a higher loss ratio from health insurance business. We have therefore started to tighten underwriting guidelines, pricing adjustment, and revision of contract terms, for such poor performance contracts in order to improve underwriting results. For 2025, we still expect a growth opportunity for health insurance plans unaffected by the medical inflation.

Apart from health insurance, we continued to focus on other reinsurance with least natural disaster risk exposure, though with a low-risk concentration and loss ratio. We implemented the excess of loss program to contain risk at an acceptable level.

In 2024, our performance continually improved, as evident from a net profit of THB 245 million, with THB 227 million profit attributable to the Company, representing a growth rate of 6.1 percent and 8.1 percent respectively, as described by business lines below:

Reinsurance

The Company recorded gross written premium of THB 5,310 million and net written premium of THB 5,035 million, going up by 8.3 percent and 8.2 percent year-on-year respectively. Factor driving such growth was the expansion of both personal line and commercial line. We could generate an underwriting profit of THB 169 million,

surging by 36 percent. Despite the impact of natural disasters from massive floods hitting the North and the South, we could still attain the combined ratio target of 96.8 percent, which was close to the previous year.

Service Income

Net service income diminished by 27 percent to THB 48 million in 2024 as a result of discontinuation of service provision to customers with doubtful debts. Moreover, we incurred expenses during the initial stage of establishment of BlueVenture HCM Company Limited and expenses on a joint venture founded in 2024 in Cambodia. Their income recognition is expected to begin next year, which will help to gradually improve our performance.

Investment Income

Net investment income was recorded at THB 79 million, rising by 23 percent year-on-year due to the adjustment of the investment strategy to align with highly market volatility triggered by rising inflation and interest rates in the past year. As a result of increasing deposits and bonds helped to increase the interest income.

In terms of capital strength, our capital adequacy ratio (CAR) as of Q3/2024 stood at 368 percent, substantially above the OIC's minimum requirement of 140 percent. We could also maintain the Insurer International Financial Strength (IFS) rating at "A-" or "Strong" with a stable outlook, as assigned by Fitch Rating, which is a testament to our solid financial position.

Under our environmental, social and governance (ESG) promotion policy, we encouraged and supported a variety of ESG-related operations and activities in 2024 such as enhancing the knowledge and understanding about ESG among our executives and employees through the ESG DNA program, purchasing products or refining business processes that create the least environmental impact, studying ESG-related insurance products, etc.

Moving Forward

In 2025, Thai non-life insurance industry will likely expand by 1.5-2.5 percent. Meanwhile, the Company anticipates 5.0 percent growth in our gross and net written premiums, which are slightly lower than the prior year due mainly to tightening underwriting guidelines, pricing adjustment, and discontinue poor performance contracts particularly in health business with medical inflation impact. We, however, envision growth in non-medical inflation health insurance plans, and will focus on property segment with low natural disaster risk exposure, and a minimal risk concentration and loss ratio. We have implemented the excess of loss program to contain risk at an acceptable level.

For the overseas markets, the Company will expand a foothold in emerging markets such as Indonesia and develop new products for consistent offering to our customers.

To comply with the new accounting standard TFRS17 with effective January 1, 2025 onwards, the Company expects non-material impact since non-life insurance typically cover a short period of time. Nonetheless, there will be certain changes including several estimations such as the revenue recognition using the estimation of service value throughout the insurance coverage period, the immediate recognition of estimated onerous contracts, and the risk adjustment reserve compared to the former practice in only estimation of incurred but not reported (IBNR) claims. In addition, the presentation of the statement of income will be changed to enable users to understand more clearly the performance between underwriting and investment business. The Company will communicate and explain the changes impact in due course.

With our ongoing commitment to the ESG promotion policy, we have devised additional ESG action plans, including ESG-related product development and green investment, and reviewed our sustainability policy on a yearly basis.

Finally, I would like to thank the shareholders and all concerned parties for your continued support. I am truly confident that Thai Re is a stable, sustainably growing organization that can respond to all groups of stakeholders and create value to society on a sustainable basis throughout the years ahead.

Yours sincerely,



(Mr. Oran Vongsuraphichet)

Chief Executive Office