Disclosure Form (Attached to the Registrar's Order No. 72 /2563)
Re: Disclosure of Information of Non-Life Insurance Companies

The Company has reviewed the disclosed information with care and the Company certifies that such information is correct, complete, and not false and does not mislead others or lacking of any significant information that should be notified, and to certify the accuracy of all information disclosed by the Company.

Sign ....

Name Mr. Thomas Prentice Thomson

Position: Chief Executive Officer

Sign ....

Name Mr. Piyapadh Vana-Ukrit

Position: Executive Vice President

22 May 2023

Information for the Year 2022

1. Company History, Policies, Objectives and Business Strategies to achieve Business Goals as determined, including presenting the Nature of Business Information, the details of Key Products and Service, Communication Channels to and from the Company, the methods and timeframes for Claim Processes and Claim Reimbursements and Compensation according to the Insurance Contract.

1.1 Company History

Please see more details on the company's website.
https://www.pacificcrosshealth.com/profile-th/

1.2 The Policies, Objectives and Business Strategies

Please see more details on the company's website.
https://www.pacificcrosshealth.com/profile-th/policy-th/

1.3 Nature of Business

Please see more details on the company's website.
https://www.pacificcrosshealth.com/profile-th/org-control-th/

1.4 Product Details, the Company's Services and the Percentage of Insurance Premium classified by Types of Insurance.

Please see more details on the company's website.
https://www.pacificcrosshealth.com/health-insurance/

Table of Percentage of Insurance Premium classified by Type of Insurance for the Year 2022

Unit: Million Baht

Details	Fire Insurance	Marine and Logistic Insurance		Motor Insurance		Miscellaneous Insurance						Total
		Hull	Cargo	Compulsory	Voluntary	Property Insurance	Liability	Engineering	Personal Accident	Health	Others	
Direct Insurance premium									33	1,816		1,849
Proportion of Insurance Premiums (%)									1.79	98.21		100

Note: The data is from 2022 annual report.

1.5 Communication Channels to and from the Company, the Methods and Timeframes for Claim Processes, Claim Reimbursements, and Compensation according to the Insurance Contract.

1.5.1 Process, periods, documents, and procedures for claiming compensation under Insurance Contract.

Please see more details on the company's website.

https://www.pacificcrosshealth.com/make-a-claim/#IPD

1.5.2 Communication channels to and from the Company and the related agencies in the case of any dispute or complaint.

Please see more details on the company's website.

https://www.pacificcrosshealth.com/make-a-claim/#ClaimDisputes

2. Good Corporate Governance Framework and Internal Control Processes of the Company including the details of the Implementation of Framework and Processes.

2.1 Good Corporate Governance Framework and Internal Control Processes of the Company

Please see more details on the company's website.

https://www.pacificcrosshealth.com/profile-th/policy-th/

2.2 The Company's Organizational Structure

Please see more details on the company's website.

https://www.pacificcrosshealth.com/org-th/org-chart-th/

2.3 Company Managerial Structure

Please see more details on the company's website.

https://www.pacificcrosshealth.com/org-th/

2.4 Sub-Committees

2.4.1 Audit Committee

	Name - Surname	Position
1.	Ms. Songwilai Jiraphothong	Chairman of the Audit Committee
2.	Ms. Saijai Wangpattanasirikul	Audit Committee Member
3.	Ms. Suruthai Songsiridej	Audit Committee Member

Audit Committee Charter

1. Objectives

The Audit Committee is an independent committee established by the resolution of the Board of Directors to promote the governance system, to take good care of the business, and to enhance operational efficiency. The Audit Committee will support and act on behalf of the Board of Directors to build confidence and credibility of the financial reports presented to shareholders and other related parties. As well as to review and evaluate the internal control systems, risk management systems and internal audit systems in compliance with the Office of Insurance Commission and other relevant laws.

2. Composition and Qualifications of the Audit Committee

2.1 Composition

2.1.1 The Audit Committee consists of at least 3 members.

2.1.2 To be appointed by the Board of Directors or a Shareholders' meeting to beAudit Committee Members.

2.1.3 There are independent directors of not less than two-third of the total number of Audit Committee members.

2.1.4 Chairman of the Audit Committee must be an independent director in the Board of Directors.

2.1.5 The Audit Committee consists of at least 1 member of the Audit Committee who has sufficient knowledge and experience in accounting or finance to review the reliability of the financial statements.

2.2 Qualifications

Audit Committee must have all the qualifications according to the criteria and not contrary to the criteria of clause 18, clause 19 and clause 20 under the Notification of the Insurance Commission Re: Criteria, Procedures and Conditions for Receiving Money, Paying, Auditing and Internal Controlling of Insurance Companies 2557. The Audit Committee must be impartial, having no direct or indirect interests in a manner that may affect the independent discretion of duties and responsibilities.

3. Term of Office

3.1 The term of office of the Audit Committee Membership is 3 years from the date of their appointment.

3.2 A member of the Audit Committee who vacates the office due to expiration of the term may be re-appointed by a resolution of the Board of Directors or a shareholders' meeting.

3.3 In the event that there is a necessity to change or increase or decrease the number of Audit Committee Members, this must be in accordance with the resolutions of the Board of Directors or the shareholders' meeting.

3.4 In addition to vacating the office at the end of the term as specified, the Audit Committee shall be vacated under the following circumstances

3.4.1 Resignation

3.4.2 Death

3.4.3 The Board of Directors resolves to vacate the position.

3.4.4 Disqualification of being an Audit Committee Member in accordance with the criteria and requirements of Office of Insurance Commission Re: Criteria, Procedures and Conditions for Receiving Money, Paying, Auditing and Internal Controlling of Non-Life Insurance Companies 2557.

4. Scope of Duties and Responsibilities of the Audit Committee

4.1.Review for the Company Financial Reporting is complete, accurate and reliable with the complete disclosure of important information and in accordance with generally recognized accounting standards.

4.2. Review and evaluate the Company's internal control system, internal audit system and risk management system appropriately, effectively and concisely according to the framework that has been recognized as an international standard, including determining the authorities, duties and responsibilities of the Internal Audit Department.

4.3.Review for the Company to comply with the law of Non-life Insurance, the Office's Requirements and other laws related to the Company's business.

4.4.Consider the selection and nomination of an independent person to act as the Company's Auditor and propose the remuneration of such person, including attending a meeting with the Auditor without the presence of the Company's management at least once a year.

4.5.Provide recommendations to the management for supervising the operations efficiently and effectively, and report to the Board of Directors for further improvement within an appropriate time in the event that the Audit Committee finds or suspects that there are any transactions or actions as follows;

a) Issues that cause conflicts of interest

b) Corruption, abnormalities, or any major deficiencies in the internal control system

c) Violation of the law on non-life insurance or other laws related to the Company's business. If the Board of Directors or the management fails to make improvements within the time specified by the Audit Committee, the Audit Committee shall report to the Office of Insurance Commission without delay.

4.6 Share opinions internal control assessment report of the Company in overall to the Board of Directors.

4.7 Consider and give approval of the Audit Plan and Operations Supervision Plan to the Internal Audit.

4.8 Where necessary, the Audit Committee may seek advice from external advisors or professional specialists regarding the performance of internal audits at the expense of the Company.

4.9 Prepare the Audit Committee report and disclose it in the Company's annual report signed by the Chairman of the Audit Committee.

4.10 Review and evaluate the Audit Committee Charter on a regular basis and present it for approval by the Board of Directors when amended.

4.11 Arrange a self-assessment at least once a year and report the results of the assessment to the Board of Directors.

4.12 Perform any other acts as assigned by the Board of Directors with the approval of the Audit Committee.

5. Meeting

5.1 The Audit Committee shall hold a meeting at least every quarter to monitor the operations of the Internal Audit Department and the Company's operations. The Audit Committee has the authority to call for additional meetings as necessary and the quorum consists of not less than half of the Audit Committee.

5.2 At the meeting, the Audit Committee may invite the top management of the risk management, the Company’s management, the Auditor or other relevant persons to attend the meeting and request the information as necessary and appropriate in accordance with the agenda of the meeting.

2.4.2 Risk Management Committee

No	Name / Surname	Positions in the Risk Management Committee
1.	Mr. Piyapadh Vana-Ukrit	Chairman
2.	Mr. Thomas Prentice Thomson	Committee
3.	Miss. Opas Sirisan	Committee
4.	Mr. Thanachat Kaewjaipetch	Committee
5.	Mr. Surin Suchartchotiwong	Committee
6.	Mr. Noppawit Charoenthurayont *	Secretary

*Mr. Noppawit Charoenthurayont to be secretary, which is effective on 16 January, 2023

Risk Management Committee Charter

The Risk Management Committee is a part of good corporate governance and is responsible for proposing risk management policies, guidelines and operations on risk management in accordance with relevant rules, regulations and laws for the Company's stable and sustainable growth.

1. Objectives

The Risk Management Committee is responsible for supervising the Company's risk management to be systematic and continuous and in corresponding with the Strategies, Business Plan and Policies of the Company.

2. Composition and Qualifications

The Risk Management Committee must consist of at least 5 members, appointed by the Board of Directors or shareholders' meeting with the following qualifications:

2.1 Being a Board of Directors member, or

2.2 Being an executive of the company, or

2.3 Being a qualified person who has knowledge and comprehension of risks in the Company's business operations

2.4 The Risk Management Committee must consist of at least one person in 2.1.

3. Term of office

3.1 The Risk Management Committee has a term of office for 3 years, and once the term has been completed, the Board of Directors may appoint the former committee or any person in the same committee to hold the office.

3.2 The Risk Management Committee member shall vacate the office upon:

3.2.1 Due by the term

3.2.2 Resignation

3.2.3 Death

3.2.4 The Board of Directors has made a resolution to vacate the position.

3.3 In the event that the position of the Risk Management Committee Member is vacant due to reasons according to 3.2.2 – 3.2.4, the Board of Directors must appoint a person who meets all the qualifications as specified in Item 2 to be a Risk Management Committee member to replace the vacancy. The person who replaces the position shall hold the office for the remaining term of the Risk Management Committee Member whom he/she replaces.

4. Scope of Duties and Responsibilities

In order to have the performance of the Risk Management Committee accessible and is able to support the work of the Board of Directors to be carried out properly, transparently, and able to protect the benefits of shareholders and stakeholders of the Company, the scope of duties of the Risk Management Committee shall be as follows:

4.1 Determine the Risk Management Policies and propose them to the Board of Directors for consideration and approval on Risk Management, which must cover the significant risks of the Company.

4.2 Arrange a meeting at least once a quarter to evaluate the adequacy of the Risk Management Strategies as well as the effectiveness of the Company's Risk Management.

4.3 Report the progress of Risk Management and any issues required to be done for improvement in accordance with the Strategies, Business Plan and Policies of the Company as determined appropriately to the Board of Directors at least once a quarter.

4.4 Set the Objectives, Scope of Duties and the Responsibility of the Risk Management Department.

4.5 Perform any other tasks as assigned by the Board of Directors. However, if necessary, the Risk Management Committee may seek for advice from external consultants at the Company's expense.

2.4.3 Investment Committee

	Name – Surname	Position
1.	Mrs. Chomphan Kulnides	Chairman of the Investment Committee
2.	Mr. Thomas Prentice Thomson	Investment Committee
3.	Ms. Opas Sirisan	Investment Manager

Investment Policy Framework and Other Business Policies

In order to make the business operations of Pacific Cross Health Insurance (PCL) to be efficient and effective with the controllable and acceptable level of capital adequacy, the Company therefore has established policies and measures in managing the adequacy of the Company's Capital, Investment Policy Framework and Risk Management. The Investment Management Committee shall supervise and monitor together with the involved investment managers to ensure of compliance within the Company's Policies and Measures of Capital Management, and make appropriate follow-ups and corrections and keep up with the situation.

<u>Objective</u>

The purpose of this Policy is to help the Company to have an effective Asset and Liability Management process. The Supervision, Audit and Assessment of the Investment in the Company's Assets, the Investments in those assets will be held by the Investment Committee. For the benefit of the Company's missions and objectives, this Policy is in consistent with the following:

- Determine the level of acceptable capital adequacy and not lower than the standard criteria to be used as a guideline to maintain the level of capital sufficient to accommodate risks as appropriate to the business operations.
- Determine and assign the duties and responsibilities for each party involved.
- Create a clear understanding to all parties involved in the management goals, and maintain the Company's capital and objectives, including to determine and allocate

the assets and debts according to risk appetite in compliance with the Rules and Regulations of the Office of Insurance Commission (OIC)

- The Capital Adequacy Management must be consistent with the liquidity and concentration of the Company's capital.
- Determine the outline, procedures and criteria in monitoring, evaluating and comparing the performance by the Investment Manager on a regular basis as scheduled, including report the performance to the Board of Directors and / or the Investment Committee.

Procedures and Processes of Risk Management resulting from the Investment and Responsibilities of the Board of Directors or Investment Committee

1. The Board of Directors must have an ultimate responsibility of the Corporate's Investment Strategies and Risk Management and the Investment Assets.
2. The Board of Directors may delegate the upcoming corporate investment to be under the Investment Committee's authority with the qualifications in according to the OIC's regulations.
3. The Board of Directors or the Investment Committee may employ an external specialist as an Investment Advisor or Investment Manager to manage the corporate investment portfolio if necessary
4. The Board of Directors or the appointed authority or Investment Committee is the person who is responsible for managing the investment assets of the organization with the following conditions.

    4.1 The organization's financial needs must be communicated to the investment manager in a timely manner.

    4.2 Consider and approve the Investment Objectives including the Policy Guidelines and Allocations of Investment Assets annually.

    4.3 Be cautious in selecting the qualified investment methods or specialist, including Investment Manager, Assets Management, Auditor and Custodian.

    4.4 There is a regular evaluation of the Investment Manager's performance in asset management to ensure that it is in accordance with the operational guidelines, and checking the progress to be in accordance with the Investment Objectives.

    4.5 There is a review and audit of the Investment Department's operations to be in accordance with the organization's policies.

2.4.4 Governance, Nomination and Remuneration Committee

	Name – Surname	Position
1.	Mr. Thomas Prentice Thomson	Chairman
2.	Mr. Piyapadh Vana-Ukrit	Committee
3.	Mr. Arinchai Thammawang	Committee
4	Ms. Opas Sirisan	Committee

1. Composition

Appointed by the Board of Directors which consists of directors/or qualified persons who have knowledge and understanding in the matter, Corporate Governance Policy, Nomination, Remuneration and human resource management not less than 3 people to consider setting the corporate governance policy framework. Setting remuneration and human resource management to propose to directors and senior management with transparency, fairness and comply with the criteria, rules, regulations and relevant laws.

2. Qualifications

2. Being knowledgeable, capable, and experienced in corporate governance policy, human resource management as well as having an understanding of the duties and responsibilities of the Nomination Committee to determine remuneration and manage human resources.

2.2 Be independent and must be able to devote themselves to the duties.

3. Scope of Duties and Responsibilities

In order to having the Governance,Nomination & Remuneration and Human Resources Management Committee support the Company's work and in accordance with the principles of Good Corporate Governance, the Board of Directors shall determine the scope of duties of Committee as follows

3.1 Policy on corporate governance of the Company

- Consider, determine and review to improve the Company's corporate governance policy to be in accordance with the principles of good corporate governance appropriately.
- Consider formulating and reviewing to improve the requirements relating to the Code of Business Conduct and good practices for directors, executives and

employees of the Company.

- Follow up to ensure compliance with corporate governance policy and the Company's code of conduct continuously and appropriately.
- Report the performance to the Board of Directors Regarding the good corporate governance of the Company along with comments on practices and suggestions for improvements as appropriate.

3.2 Nomination

3.2.1 Determine the policy, framework, guidelines and criteria for nominating the Company's directors, directors in various committees that has been appointed by the Board of Directors, Board Advisor and Managing Director.

3.2.2 Consider the allocation and nomination of qualified persons to serve as directors and committees in sub-committees and advisor to the Board of Directors to substitute in the vacant position or as appropriate to propose to the Board of Directors to consider and approve the appointment.

3.2.3 Consider nomination of executives in the position of President presented to the Board of Directors to consider appointing and set guidelines for evaluating the President's performance to consider annual compensation adjustments taking into account the duties, responsibilities and risks involved.

3.3 Remuneration

3.3.1 Propose guidelines and methods for determining meeting allowances, entertainment fees, rewards and gratuities, including any other benefits in the form of remuneration to Board of Directors, various sub-committees, Board Advisor to present to the Board of Directors for approval.

3.3.2 Policy recommendations and consider and approve the determination of remuneration for the President to be appropriate and at a level comparable to that of the industry at the same level and presented to the Board of Directors for approval.

3.4 Human resource management

3.4.1 Recommend the formulation of policies and strategies for human resource management, including organizational structure, employee performance assessment system as well as the criteria for the wages of employees to be in line with the company's management strategy.

3.4.2 Consider screening suitable candidates for executive positions from the director of the department upward.

3.4.3 Policy recommendations and consider and approve the determination of remuneration for executives from the level of department director upwards to be appropriate and at a level comparable to that of the industry at the same level.

3.4.4 Oversee the determination of a policy of wages and overall benefits that can be recruited and recruited from outside and retain potential internal personnel.

3.5 Other aspects as assigned by the Board of Directors.

4. Meeting

4.1 Nomination, Remuneration and Human Resources Management Committee must arrange a meeting at least once a year.

4.2 At each meeting, there must be no less than half of the total number of Directors attending the meeting.

4.3 In the event that the Chairman of the Nomination, Remuneration and Human Resources Management Committee is not present at the meeting or is unable to perform the duties of the Chairman, the attending directors shall elect one member to preside over the meeting.

4.4 The decision of the meeting shall be made by a majority of votes. If the votes are equal, the chairman of the meeting shall have an additional vote as a final decision.

4.5 Any member of the Nomination, Remuneration and Human Resources Management Committee who has any conflict of interest in any matter shall not participate in the consideration and vote on that matter.

5. Reporting

5.1 Report the operations results to the Board of Directors once a year.

5.2 The results of operations are summarized in the annual report and the annual registration statement.

2.5 Nomination and Appointment of Directors, Independent Directors, and Executives

The Governance Nomination and Remuneration Committee is responsible for nominating persons to hold the position of director in appropriate with the nature of the organization. For example considering the former directors to continue holding the position, accepting nominations from shareholders, using the outsource companies to help recruiting, considering from the Director's Office or having each director nominate an appropriate person by considering from the qualification, knowledge, suitable experience in order to propose the list of nominated persons to the shareholders' meeting to consider for further appointing such persons as Independent Directors and Directors of the Company. The nomination and appointment of executives is the authority of the management team.

2.6 Remuneration Policy

Components of Consideration for the Remuneration of Directors and Executives

- The Human Resources Department presents its opinions to the Board of Directors on the structure and composition of directors' remuneration annually.
- To consider for approving and reviewing the performance appraisal form of the Board

of Directors to propose to the Board of Directors to consider for approval and assessment. The Nomination Committee shall use the aforementioned assessment results in considering and determining the directors' remuneration.

- To propose the remuneration criteria appropriate to the duties and responsibilities of directors by connecting the remuneration with the assessment results of the business plan and the overall performance of the Company to be able to motivate and retain the directors who are competent, qualified, and offer high potential. In this regard, the Board of Directors shall consider and approve the directors prior to proposing to the Annual General Meeting of Shareholders for approval.

3. Enterprise Risk Management (ERM) and Asset Liability Management (ALM)

3.1 Enterprise Risk Management: ERM

The Company has established a holistic risk management governance structure by applying the "Three Lines of Defense" risk management method by classifying the responsible persons into 3 levels as follows:

• **First line of defense**: the business unit or risk owner has direct responsibility for identifying and managing risks, including designing and implementing of risk control, which must focus on risk management and make it part of the day-to-day operations, such as the Sales and Marketing Departments, Insurance Policy Department, Claims Department, Customer Relations Department, Operations Department and Human Resources Department.

• **Second line of defense**: is the Risk Management Unit, Actuarial Unit and Compliance Unit. They are responsible for monitoring the operations of the business unit, including giving advice and taking any action to facilitate risk management. Such units must be impartial.

• **Third line of defense**: This is the internal audit unit responsible for internal auditing and evaluating the effectiveness of risk management and internal control of the Company, which must be independent of other responsible persons.

The Risk Management Committee determines a Risk Management Framework, Risk Management Policy, 3-Year Business Plan, and shall submit this to the OIC within 3 months from the closing date of the year-end accounts or within 30 days from the date the Board of Directors approves the significant changes.

The Risk Management Framework and Risk Management Policy cover 9 main activities of the Company as follows:

1. The Risk of Product Development and Insurance Premium Rating

Risk factors from product design and development, for example the readiness of personnel in the units involved in the new product offering, the adequacy of the number of personnel supporting the new product as estimated, the skills, and expertise of the personnel, readiness of work systems, including new work processes that may occur, information systems. Including the employees, agents, brokers or insurers who are lacking of knowledge and understanding of new products. Or the customers' needs do not meet the product development plan. The Company has received support from Thai Re Insurance PLC in designing and pricing the new products to reflect the real cost.

Risk factors from the insurance premium rating, for example, the insurance premium rating is not appropriate with the risk, the determination of expected returns, the inappropriate proportion of operational expenses. Therefore, new product development must be carefully considered in every aspect.

The Company has set up a Product Development Committee to supervise the design of insurance products and operate under the Principles of Good Corporate Governance, with the Chief Executive Officer acting as the Chairman.

2. Risk from offering and collection of insurance premiums

To ensure that the agent's presentation for the sale of health insurance is precise according to the terms and coverage of the policy, the agents or brokers are required to attend the Company's products training. The Company regularly conducts a training at least once a month. In addition, the Company is able to arrange a training session at the agent's or broker's office if required and notified in advance. The Company has a health insurance sales training certificate for those agents who pass the training.

The Company does not have a policy to credit the premium collection period for new agents of the Company. However, the Company has given credit to the partners who have been in constant contact with the Company. The Company has established a system to track and report the outstanding insurance premiums on a regular basis. This includes controlling for collection of insurance premiums in accordance with the regulations of the Office of Insurance Commission; establishing the measures to control and prevent risks, determining the criteria in considering the selection of a Reinsurance Company, Brokers/Agents are rigorously; considering the sales potential, financial status, business history, premiums payment capability well as requiring the agent having the securities or a person as collateral in the credit limit specified by the Company.

3. Underwriting Risk

Risk factors from underwriting such as knowledge and capability of the underwriter, the accuracy and completeness of the Insured’s information received for underwriting, reliability of information systems used in underwriting, as well as data security and data reporting.

Risks arising from fluctuations in the frequency of severity and the time of damage that are deviated from assumptions used in determining the insurance premium rates, insurance reserve calculations, and the underwriting.

Insurance risk factors such as the determination of premium rates, concentration of perceived perils, higher costs than predetermined assumptions, allocation of premium reserves and indemnity reserves, changes in the behavior of Policyholders and Insured’s, and the development of new insurance products. This may affect the amount of claims compensation and expected cash flows in the future.

4. Insurance Reserve Assessment Risk

Discretion in setting up claims reserves is important. The Company uses the generally recognized actuarial methods in computing, and it is certified by a licensed actuary. The changes in reserves are monitored and analyzed to consider factors that may affect the Company's reserves on a regular basis to ensure that the reserves are sufficient for future obligations the Company has to the Insured’s. The Actuary has to review the suitability and adequacy of the insurance reserves in peril survey/damage assessment, as the case may be.

5. Claims Management Risk

Claims management risk factors such as miscalculation of claims, fraud by Insured’s, speed in the claim’s compensation, the damage surveyors/ assessors due to their lacking of expertise. The Company places importance on employees with medical experience to act in the considering the claims by emphasizing on accurate and quick considerations. The Claims Executive will report to the Chief Executive Officer and the Executives every week by reporting the number of claims keyed in the system, average claims, the duration of time used for keying the claims into the system for consideration and making payments to the hospital.

6. Reinsurance Risk

Reinsurance risk factors, such as improper determination of the type of reinsurance, the financial stability of reinsurers, not monitoring the credit rating of the reinsurer, the concentration of reinsurance to a particular company is higher than it should be, selecting the type of reinsurance inappropriate with the existing risks.

For the risk that is higher than the level the Company is able to accept alone, the Company has transferred such risk to the reinsurer through reinsurance treaty, both an annual pre-contract basis and the facultative treaty. The selection of a reinsurer will consider the stability at first. In addition, the Company also manages the insurance portfolio in an appropriate proportion of various insurances in terms of the sum of the results of the underwriting and in accordance with the Objectives and Goals of the Company.

In addition, the Company has established a written reinsurance management strategy, which is in accordance with the rules and regulations of the Office of Insurance Commission. This is part of the overall risk management framework and has been approved by the Risk Management Committee and the Board of Directors. It consists of a process for selecting an appropriate reinsurance plan, Implementation of the Audit, Monitoring, Review, Control and Documentations relating to the Company's reinsurance. By considering the account the Company's Risk Appetite, Finance Costs considering the Company’s Liquidity, Reinsurance Market Trends, and the Company's Business Plan to be appropriate with the nature, size and complexity of the Company's existing business operations.

7. Investment Risk in Other Businesses

The risk factors of investing in other businesses such as income from securities investments, or interest income from debt securities, and dividends securities are variable and cannot be completely relied upon. The securities registry specified may have insufficient information, resulting in incorrectly recorded income, expenses, and costs of investments.

Market/Investment risk factors, such as the risk that the company takes may be affected by the volatility of factors in the capital market including the change in the value of equity instruments, changes of interest rate and changes and exchange rate.

Consideration of Credit Rating in Investments, the Company has appointed an Investment Committee to consider and review various factors regularly. This is to be used in the Company's investment decisions and to control investments in accordance with the scope and requirements of the Office of Insurance Commission. This is considered an important mechanism in investment management. The Company has invested in various types of securities which are classified by a level of credit rating.

Marketing/Investment Risk Management

The Company has an Investment Committee to determine the investment policy framework to supervise investments in accordance with the overall risk management policy, by focusing on investment in securities with low risk, stability, yielding at an appropriate and consistent rate through the approval of investment types from the Board of Directors. In addition, the Company has established Investment Management Guidelines in writing. The investment framework and the direction will be determined annually by specifying the limits for all types and levels of investment. It will be based upon the target rate of return and liquidity in order to be connected and in accordance with the impact on the capital fund that is maintained in accordance with the capital adequacy regulations according to the level of risk undertaken.

8. Asset and Liability Management Risk

The company focuses on investing in high liquidity assets. In addition, there is effective management that can maintain the cash on hand at an appropriate level at all times. In the event that claims compensation is required to be paid in greater amounts than the available cash, the Finance Department will notify the Investment Department in advance to convert the investment into cash in order to be sufficiently pay off the debts that are due, and to ensure that the liquidity risk is at a controllable level.

The Company has a policy to determine the capital adequacy ratio, which must be maintained according to the law, not lower than the standard criteria of the Office of Insurance Commission. In addition, the Company's Capital Fund has been managed according to the risk level as follows:

1. Determine the level of acceptable capital adequacy but not lower than the standard criteria used as a guideline for maintaining adequate capital funds to accommodate risks appropriate to business operations.
2. Communicate the acceptable risk levels in capital funds to the relevant agencies to comply with.
3. Any action that may affect the capital funds such as insuring a big group policy, the risk owner department/unit must estimate the impact that might affect the capital funds and propose to the management for acknowledgment in considering this risk for approval.

- Market risk of investing in securities which is a main risk of the Company's capital. The investment team will calculate the capital adequacy ratio from the change in the value of the invested securities and report to the Investment Committee on a regular basis.
- When there is an incident indicating that it will significantly affect the Company's capital adequacy ratio, the management will immediately report to the Executive Board.

9. Outsourcing Risk

The Company uses outsource services to reduce the operating costs and increase the flexibility in operating the business more efficiently. The Company adheres to Guidelines for Third-Party Services of Insurance Companies announced by the OIC 2556 as the standard.

The Company has determined the Scope of Risk Management in accordance with the Risk Management Framework and Risk Management Policy to cover the major types of risks that exist in the activities and work processes of the Companies as follows:

1. Strategic Risk
2. Insurance Risk
3. Market Risk
4. Credit Risk
5. Liquidity Risk
6. Operational Risk
7. Reputational risk
8. Information Technology Risk
9. Catastrophe Risk
10. Compliance Risk
11. Emerging Risk

Developing the Business Continuity Plan (BCP)

The Company has developed the business operations plan continuously by determining the procedures, important work system as well as the outsourcing work system. The Company has always updated the BCP to be able to operate and achieve the goals. In addition, the BCP procedures have been established to support the business operations in appropriate with the size and complexity of the business. The BCP covers the potential disruptions in all situations, including in the event of an emergency for a long time or widespread emergencies. All departments participate in the preparation of business continuity plan continuously to support the important tasks of their own departments. This includes a training and communication to all personnel to understand and to be aware of the guidelines for the operations under emergency situations in the event of disruption. There are regular trainings, and testing whether the business operations can continuously run after the incident of business disruption.

Due to the spread of the COVID-19 virus, the Company has continuously improved the business continuity plan to be in line with the aforementioned risks.

3.2 Asset and Liability Management (ALM)

Asset and Liability Management Policy

Asset and Liability Management (ALM) is the management of the asset and liability structure in the financial statements, including various obligations as well, so that the return and risk are at the acceptable level. The relevant risks include risks arising from liquidity management, interest rates, risk of wrong pricing and the risk of high miscalculation of claims and liability estimation. For example, when a Company has to repay the liabilities and obligations but is unable to turn the assets into cash in time, or unable to provide funding or able to procure funding sources but with high financial costs which will affect income and the Company's capital as well as the credibility of the Company.

Asset and liability management strategy focuses on maintaining financial liquidity in order to pay off debts to the policyholders. The number of policies and liabilities under insurance policies are what the Company uses in making decision on investment in terms of time to invest and interest rate risk, etc.

The details of quantitative information are as follows:

Unit: Million Baht

Details	2022		2021	
	Account Price	Appraisal Price	Account Price	Appraisal Price
Total Investment Assets	**599.25**	**599.25**	**409.72**	**409.72**
Total Liquid Assets	**596.58**	**569.66**	**242.97**	**236.38**
Total Liabilities	**1,160.20**	**1,097.65**	**635.89**	**600.76**
Insurance Liabilities	**769.66**	**712.45**	**451.73**	**417.97**

Note - Accounting price means assets and liabilities which are assessed in accordance with financial reporting standards.

- Appraisal price means assets and liabilities which are assessed in accordance with the Notification of the Insurance Commission on the Appraisal of Assets and Liabilities of Non-Life Insurance Companies for the Main Purpose of Supervision the Financial Stability of Insurance Companies, and to ensure that the Company has the ability to fully pay the benefits under the insurance contracts to the Insured.

4. Foreseeable and significant underwriting risks that may affect the Company's financial position, reinsurance management, the connection of capital funds and insurance risks and concentration of insurance.

The Company has strictly complied with the implementation of the Insurance Policy in accordance with the Business Model and in accordance with the Regulations set by the Office of Insurance Commission. This includes the risks arising from fluctuations in the frequency, severity and time of damage that deviate from the assumptions used to determine Insurance Premium Rates, Insurance Reserve Calculation and Underwriting. Due to the health insurance policy provides coverage for COVID-19 therefore, the Company must consider and improve the underwriting policy appropriately, as well as recruit a stable Reinsurance Company.

Insurance risk factors, such as Product Development Design and Insurance Premium Rating must be consistent with the Medical Costs and Expenses, Concentration of Received Perils, Expenses which are higher than the assumptions, Allocation of Insurance Premium Reserves and Claims Reserves, Changes in the Behavior of Policyholders and Insured and the Development of New Insurance Products, Products Concentration, and Distribution Channel, this may affect the amount of claim and expected cash flows.

The details of quantitative information are as follows:

Unit: Million Baht

Details	Amount
Reserves of the Insurance Portion recalled from the Reinsurance Company.	**189.79**
Receivables from Reinsurance	**29.87**
Deposit from Reinsurance	-

5. Values, Methods and Assumptions in Assessment of Insurance Contract Liabilities

Liabilities from Insurance Contracts consists of:

To prevent and reduce losses from various perils causing the business interruption or unable to continue the business.

1. Unearned Insurance Premium Reserve

The Company calculates unearned premium reserves according to the criteria in the Notification of the Insurance Commission Re: Criteria, Procedures and Conditions for Allocation of Unearned Premium Reserves, Claims Reserve, and Other Reserves of Non-Life Insurance Companies by Calculating Method of 1/365th basis.

2. Claims Reserve and Accrued Claims

Claims reserve and Accrued Claims are recorded when claims are lodged by the Insured based on the value assessed by an independent appraiser or a Company appraiser. In addition, the Company has set aside additional provisions for incurred but not reported claims to the Company (IBNR) assessed by the actuary.

3. Unexpired Risk Reserve

The unexpired risk reserve is the best estimation of the amount expected to be incurred during the remaining insurance period for the active insurance policies according to the analysis of historical claims data by actuaries. The unexpired risk reserve is recognized in the financial statements in the event that the unexpired risk reserve is greater than the unearned premium reserve.

There are 3 mathematical methods used in the assessment as follows:

1. Chain Ladder Method (CL) for the information of paid claims and incurred claims.
2. Bornhuetter-Ferguson Method (BF) for the information of paid claims and incurred claims.
3. Expected Loss Ratio (ELR) Method

To estimate the best estimation of the claims, the Company mainly uses the Chain Ladder Method. The BF and ELR methods will be appropriately used according to the information.

The details of quantitative information are as follows:

Unit: Million Baht

Details	2022		2021	
	Account Price	**Appraisal Price**	**Account Price**	**Appraisal Price**
Insurance Contracts Liabilities **-** Reserve for Unearned Premiums (Premium Liabilities)	**612.77**	**536.73**	**361.02**	**316.36**
- Claim Reserve (Claim Liabilities)	**156.89**	**175.72**	**90.70**	**101.59**

Note - Account Price means Value of Insurance Contract Liabilities assessed by accounting standards. The main objective is to provide investors with financial analysts an understanding of the economic value of insurance contract liabilities that are recognized in accordance with accounting principles in Thailand. Such value must be certified by a certified public accountant.

- Appraised Price means the value of the liabilities from insurance contracts assessed in accordance with the Notification of the Insurance Commission on Assets and Liabilities Assessment of Non-Life Insurance Companies for the main objectives of supervising the financial stability of insurance companies and ensuring the company's capability to pay the benefits according to the insurance contract in full to the Insured. This must be assessed by a Licensed Actuary from a Registrar in accordance with Recognized Actuarial Principles. The assumptions used in the assessment must be consistent with actual experience or, in case of insufficient data, the assumption may be based on the industry experience and specifically tailored to the Company's underwriting portfolio. Such Insurance Reserve must include the Provision of Adverse Deviation (PAD), which shall be in accordance with the OIC's requirement.

Note: At certain times of financial reporting, the value of the insurance contract liabilities may significantly differ between the account price and the appraisal price. This is due to the different objectives and methods of assessment mentioned above. However, those who will use the information should carefully study and understand the objectives of the debt appraisal guidelines from both insurance contracts before making a decision.

6. Company Investment

The Investment Policy Framework, to comply with the Overall Risk Management Policy, Product Design, Underwriting, Reinsurance Treaty, Asset and Liability Management, Capital Position, Risk Appetite, Expected Return, Readiness of the System, Personnel to support the Investment, and in accordance with the Notification of the Office of Insurance Commission Re: Investment in Other Businesses of Non-Life Insurance Companies 2556.

Objective

The Objective of this policy is to help Pacific Cross Health Insurance (PCL) manage assets effectively. The Supervision, Audit and Assessment of the Investment of the Company's Assets, the investments in those assets will be held by the Investment Committee. By mainly considering the liquidity of the business for the benefit of the Company's Mission and Objectives. This policy is consistent with the laws and regulations of the Office of Insurance Commission (OIC).

Proportion of Investment by Asset Types (Product Limit)

The Company has an investment policy with the goal of "emphasizing the safety of the principal and the value of the return on investment", which has set the proportions for each type of investment to suit the conditions of the money market and the capital market at that time by considering the consistence with each investment type with risk management, which must be approved by the Investment Committee, and thereafter propose to the Managing Director to approve prior to proceeding each time.

Strategies and Allocation, must consider the current situation of the Company, considers the liquidity as a priority and also the investment limits. The Investment Department must monitor the economic movements, and regularly analyze the data from financial institutions and research centers of various reputable agencies, together with usually make an investment planning to increase the flexibility of investment planning, if the money market or capital market status is fluctuating.

Asset Quality

1. Cash and Cash Equivalents – are deposits with domestic and foreign financial institutions established under the laws of each country. Depositing funds with foreign financial institutions for specific purposes to be used for the operations in that country.

2. Fixed Deposits/Time Deposits - Organizations can deposit funds with either government or private banks, which guarantee the principal, and to consider the expected interest to receive and compare with the current market interest rate, including the exchange rate. The term of the fixed deposit should be from 3 months to 60 months as a maximum.

3. Debt Instruments – Quality of Debt Instruments such as bonds or debentures will be selected according to the credit rating, which must have a score of at least "BBB". The credit rating must be made by well-known and reliable companies in the country and abroad. Thai Rating such as, TRIS, Fitch and Offshore Rating entities such as S&P, Moody's, Fitch and A.M. Best. The credit rating companies are capable of assessing the business very well, and the maturity of bonds and debentures should be in the range of 3 - 5 years.

4. Mutual Funds - Fixed Income Funds must have an Investment Policy, or Quality Debt Instruments or Equity Instruments. The expected returns is appropriate with the risks such as Treasury Bills, Government Bonds, Bank of Thailand Bonds, State Enterprise Bonds, Debt Instruments issued by Juristic Persons established under specific laws, Debt Securities issued by State Enterprises or Commercial Bank or Foreign Banks or Debt Securities issued by Commercial Banks or Private Companies that have been rated for their creditworthiness as investment-worthy.

5. Equity Instruments or stocks in the SET50 Index Group or Unit Trusts that are traded on the Stock Exchange of Thailand.

Asset Valuation

The Company invests in cash assets, deposits at financial institutions, and negotiable certificates of deposit.

1. Cash to be valuated according to the amount of available money.
2. Deposits at financial institutions and deposit receipts shall be valuated according to the deposited amount, and the negotiable certificates of deposit shall be valuated according to the distributable cost.

The details of quantitative information are as follows:

Unit: Million Baht

Investment Asset Types	Value as of 31 December			
	2022		2021	
	Account Value	Appraisal Value	Account Value	Appraisal Value
Deposits at Financial Institutions and Certificates of Deposits at Financial Institutions	**1,053.96**	**1,053.96**	**595.90**	**595.90**
Debt Instruments (Bonds, Debentures, Promissory Notes, Bills of Exchange, Convertible Debentures and Savings Lottery)	-	-	-	-
Equity Instruments (excluding Investments in Subsidiaries and Associates)	-	-	-	-
Unit Trust	-	-	-	-
Loans, Car Hire Purchases and Leasing Properties	-	-	-	-
Share Warrants, Debentures, Unit Trusts	-	-	-	-
Derivatives	-	-	-	-
Other Investment	-	-	-	-
Total investment assets	**1,053.96**	**1,053.96**	**595.90**	**595.90**

Note - Accounting Price means assets and liabilities which are assessed in accordance with financial reporting standards.

- Appraisal Price means assets and liabilities which are assessed in accordance with the Notification of the Insurance Commission on the Appraisal of Assets and Liabilities of Non-Life Insurance Companies for the Main Purpose of Supervision the Financial Stability of Insurance Companies, and to ensure that the Company has the ability to fully pay the benefits under the insurance contracts to the Insured.

7. Performance of Insurance Company including The Analysis Results and Re-rated Various Ratios

The details of quantitative information should be at least as follows:

Unit: Million Baht

Details	2022	2021
Total Insurance Premiums	2,101.01	693.47
Earned Premiums (Net)	1,573.32	435.25
Investment Income and Other Income	163.29	87.58
Net Profit (Loss)	212.36	60.39

Key Financial Ratios (Percentage)

Ratios	2022	2021
Loss Ratio	28%	47%
Expense Ratio	54%	38%
Combined Ratio	82%	85%
Liquidity Ratio	380%	345%
Return on Equity	57%	29%

8. Capital Adequacy

Company's Capital Management

The Company has internally set a minimum capital adequacy level at 180% and has estimated the capital adequacy ratio included in the Company's Business Plan. The results are reported to the Risk Management Committee meeting for regularly reporting to the Board of Directors. In addition to the general business risk assessment and management process, the Company also has a process for capital risk assessment and management by considering both qualitative and quantitative. The objective is to make the management understand the existing risks, the level of capital that must be maintained for various types of business activity risks, including finding a method to cope with such risks appropriately.

The details of quantitative information are as follows:

Unit: Million Baht

Details	Value as of 31 December	
	2022	2021
Total Assets	1,640.09	859.70
Total Liabilities	1,160.20	635.89
- Insurance Contracts Liabilities	769.66	451.73
- Other Liabilities	390.54	184.16
Owner's Equity	479.89	223.81
Common Equity Tier 1 Capital Ratio (Percent)	699.11%	746.32%
Tier 1 Capital Ratio to the Required Capital maintained by law (Percent)	699.11%	746.32%
Capital Adequacy Ratio (%)	699.11%	746.32%
Total Capital Available (TCA)	305.46	223.89
Total Capital Required (TCR) that must be maintained by Law	43.69	30.00

Note - According to the Notification of the Insurance Commission on Determination of Types and Classes of Capital Funds including Criteria, Procedures and Conditions for Capital Calculation of Non-Life Insurance Companies, the Registrar may determine necessary measures to supervise companies whose capital adequacy ratio is lower than the supervisory CAR specified in the Notification

- The aforementioned details are calculated by using the value according to the Notification of the Insurance Commission Re: the Valuation of Assets and Liabilities of Non-Life Insurance Companies and the Notification of the Insurance Commission on Determination of Types and Classes of Capital Funds including Criteria, Procedures and Conditions for Capital Calculation of Non-Life Insurance Companies.

9. The Financial Statements and Notes to the Financial Statements for the past calendar year that the auditor has audited and given opinions in 2022

https://www.pacificcrosshealth.com/financials/