Value, Method and Assumption in Assessment of Liabilities from the Insurance Contracts

Estimation of the claims has multiple elements with uncertainty to cause the actual results may be different from the expectation due to fluctuations. However, the estimation can be made by the actuarial method, which is acceptable and tried to set the assumption and reduce uncertainty as much as possible. It is considered the experience of claims to cover economics, factor on claim development and possible fluctuation allowance, but such the liability value assessment is certified by the licensed actuary from the Office of Insurance Commission (OIC).

The quantitative information has the following details:

Unit: Million Baht

Item	2023		2022	
	Book value	Assessed value	Book value	Assessed value
Insurance contract liabilities - Premium liabilities	6,015	4,992	5,440	4,515
- Claim liabilities	2,267	2,013	2,112	1,922

Remark - Book value means the liability value from the insurance contract assessed in accordance with the accounting standards with the main objective for the investors and the financial analysts to understand the economic value of the liabilities from the insurance contract that is acceptable in accordance with the accounting principle in Thailand, which such the value must be certified by a licensed auditor.

- Assessed value means the liability value from the insurance contracts assessed in accordance with the notification of the Office of Insurance Commission (OIC) on the assessment of the property and liability price of non-life insurance companies. The main objective is to supervise the financial stability of the non-life insurers and for confidence that the companies have the ability to pay the claims according to the insurance contract fully to the insured. It shall be assessed by a licensed actuary from the registrar in accordance with the mathematical principle acceptable. The hypothesis used in the assessment shall be consistent with the actual experience or in a situation that the company has insufficient information, it may be referred to the industrial experience and adjust for suitability with the particular characteristics of the insurance port of that company. Moreover, the backup insurance value as such shall include the provision of adverse deviation: PAD, to comply with what designated by the OIC.

Note In some duration of the financial report, the liability value from the insurance contracts may have a difference between the accounting price and the assessed price significantly. It is due to the objective the different method used in the assessment as mentioned above. However, the people who shall apply the information should study and understand the objectives, guidelines on evaluation of the liability price from both insurance contracts carefully before making a decision.