

CHAIRMAN'S STATEMENT



I have great pleasure in welcoming the distinguished members of the Council from member states and the representatives of Associate Members to the Fourteenth Shareholders' Assembly of the Asian Reinsurance Corporation.

The financial statements, external auditor's report and the Management Board Report for the year ended 31st December 2019 that you have received, show Corporation's result for the year 2019.

I am pleased to inform you that Global rating agency AM Best reaffirmed Financial Strength Rating of B+ (good) and the Long-Term Issuer Credit Rating of "bbb-" with stable outlook of the Corporation in April 2020. A.M .Best expects Asian Re's balance sheet strength underpinned by its risk adjusted capitalization, to remain at the strongest level over the medium term that is supported by low underwriting leverage and an investment portfolio comprising principally cash and short-term deposits.

Our Corporation is aiming to get upgrade in rating by rebuilding its premium base along with improving underwriting results. Corporation is facing challenges on account of rating and Regulatory requirements in many markets.

Asian Re has reported a satisfactory 2019 year performance showing 135% increase in the operating profits over 2018 at USD 1.86 mn, inspite of challenging and competitive international reinsurance market conditions. The Management continued to focus on improving business profile and underwriting performance of the company based on strategy of territorial diversification, regaining lost accounts and adding new lines of business resulting in 64% growth in written premium in 2019 over previous corresponding period.

After 2012, this is the first year during which our gross accounted premium grew significantly by 38.4% compared to 2018 which indicates that the new management efforts to diversify the business in selected markets with emphasis on developing a quality portfolio are bearing results. I would like to inform that corporation has signed an agreement with Ocean Re (rated A – by AM Best) based in Barbados (effective 1st Jan 2020) to use their rated paper for writing quality business where minimum security rating requirement is A-.

We expect to close 2020 with satisfactory growth and acceptable performance based on already done business, inspite of COVID-19 pandemic affecting worldwide markets. The effect of the pandemic on corporation's performance is expected to be minimal on account of portfolio and classes of business written and unique shareholding and investment portfolio.

The performance of 2019 was improved in many areas compared to the year 2018. The gross accounted premium for the year 2019 increased to USD 16.57 mn from USD 11.96 mn in 2018. The earned loss ratio decreased to 72.6% from 79.50% in 2018. No major losses were reported during the year.

Procurement cost has decreased from 27.0% to 22.50%. The management expenses ratio has also decreased to 9.90% from 14.80% in 2018 due to reduction in expenses and increase in

net premium. The combined ratio reduced from 121.4% to 104.9% an improvement of 16.5% over previous year.

Income from investment and other income increased to USD 3.05 mn from USD 2.93 mn in 2018, with a consistent investment yield of 3.8%.

An exchange gain of USD 0.01 mn was posted for the year 2019 as against exchange loss of 0.35mn in the previous year mainly due to appreciation of Euro against the US Dollars.

Corporation posted a net operating profit of USD 1.86 mn, compared to profit of USD 0.79 mn in 2018. Shareholders' fund was USD 69.76 mn compared to USD 68.48 mn in 2018. The increase is mainly due to appreciation of EURO against US\$ and also due to increase in net operating profits. Solvency Margin though still very robust, decreased to 536.7% in 2019 as against 857.2% in 2018 mainly on account of higher premium booked for 2019.

As part of Corporation's mission of developing expertise in insurance and reinsurance of national insurance markets of the member states, an International Reinsurance training programme was conducted in Bangkok. Theme of the seminar was "Reinsurance: Managing Expectations of stakeholders". Seminar was attended by 26 participants from eight countries.

Corporation will continue to focus on improving the business profile and underwriting performance of the company. The strategy to achieve this was based on territorial diversification, where the business parameters and conditions are found acceptable.

The management team in 2019 has done substantial work to develop Asian Re's ERM framework with the assistance of external professional with a view to develop the identification, management and mitigation of key risks, which should be beneficial in

Corporate governance in medium term. This will be an ongoing exercise.

I would like to express my sincere gratitude to the Royal Thai Government, and the UN-ESCAP, for their continued support.

I would like to thank all our client companies and intermediaries for their continuous support and trust.

While thanking the distinguished fellow members of the Council for their guidance and the representatives of Associate members for their support extended, I seek continued future support to enable corporation management team to achieve the future goals.

Finally I would like to thank our employees for their continued diligence, commitment and contribution.

**Atty. Dennis B. Funa
Chairman**