

7. Financial Performance

Unit: Million Baht

Description	Year 2020	Year 2019
Gross premium written	22,134	22,847
Net premiums written	21,937	22,596
Net investments income	3,553	3,823
Long-term technical reserve increase from prior year	7,755	10,807
Net benefits payments and insurance claims expenses	10,406	7,277
Net profit	166	2,652

Remarks: Data from Financial statements for the year ended 31 December 2020

Comparison with financial performance year 2019, the Company has net profit for the year 2020 amounting to 166 Million Baht (2019: Net profit 2,652 Million Baht). Net profit decreased 94 percent from last year due mainly from decreasing in net premium written and net investment income, increasing in net benefits payments and insurance claims expenses, operating expenses, and expected credit loss and impairment loss, offsetting with decreasing in long-term technical reserve movement.

- Net premium written slightly decreased 3 percent from last year to 21,937 Million Baht and investment income decreased 7 percent to 3,553 Million Baht due to portfolio rebalancing to lower risk assets.
- Net benefits payments and insurance claims expenses increased 43% or 3,129 Million Baht from last year to 10,406 Million Baht aligned with the higher release of long-term technical reserve.
- Expected credit loss and impairment loss increased of 1,342 Million Baht due to provision for investments in corporate bonds and equities (in turn mostly from 936MB provision for Thai Airway bond and 417MB from equity impairment). Given a large allocation in corporate bonds (of 34% of assets as at 31 December 2020), we are somewhat vulnerable to market volatility and adverse economic impact of COVID-19. Operating expenses increased of 441MB due to business expansion to serve PLT strategic direction including our new partnership with TMB, digital partners and IFRS 17 implementation cost.

Unit: Percentage

Description	Year 2020	Year 2019
First year underwriting expenses: Net premiums written	44.69	44.03
Renewal year underwriting expenses: Net premiums written	2.33	3.33
Return on equity ratio	0.52	9.32
Return on assets ratio		
- Return on total assets ratio	0.11	1.98
- Return on total assets excluded unit linked and universal life ratio	0.12	2.10
Return on Investment ratio		
- Return on Investment ratio	2.62	3.11
- Return on Investment excluded unit linked and universal life ratio	2.82	3.32
Ratio of invested assets to insurance reserve (Appraisal value)	111.25	124.59

Remark:

- Appraisal value refers to the assets and liabilities assessed under the Notification of the Insurance Commission on Asset Valuation and Life Assurance Valuation. Primary purpose is for overseeing the financial security of insurance companies and to ensure that the Company is able to fully cover the Insured Person's insurance benefits according to the insurance policy.
- Unit Linked Insurance is a life insurance that provides both life insurance protection and Investment in mutual funds. The policy value depends on the unit value. Assets in the Fund belong to the insured, not to the Company.
- Universal life insurance is a clearly defined policy that separate life insurance part and investment part. The return on investment depends on the Company's investment but not less than the minimum return.

For more information about the Financial Performance, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/about-prudential-thailand/our-financial-performance/>