

# Thailand in focus

## What's new in Non-Life



FEBRUARY 2022 EDITION

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We are pleased to launch our fourth newsletter focused on the Non-Life Insurance market in Thailand. This edition covers developments during the period from 1 July 2021 to 31 December 2021.

We trust you find this edition informative. As always, we look forward to receiving your feedback, questions or comments.



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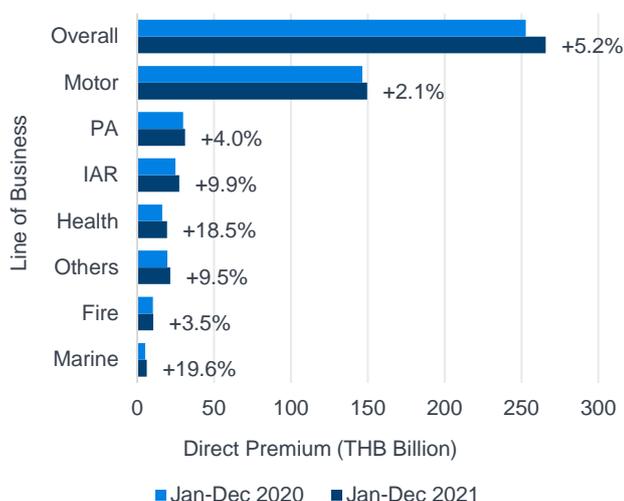
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## Market performance

### INDUSTRY GROWTH AT DECEMBER 2021

#### Direct Premium (THB billion) and Percentage Growth (%)



Note: PA: Personal Accident, IAR: Industrial All Risks.

\* Miscellaneous sub lines.

Source: The Insurance Premium Rating Bureau (IPRB).

- 2021 saw an overall increase in direct premiums of about 5% when compared to 2020. Positive growth was observed across all lines, with Health and Marine classes observing double-digit growth.
- 2021 Motor premiums remained similar to 2020. The market share for the top five players remained broadly unchanged.
- Personal Accident (PA) and Health continued to show promising growth in 2021. In total, 2021 direct premiums were THB 50.5 billion, of which THB 6.2 billion is attributable to COVID-19-specific products. Without COVID-19 products, PA and Health grew by 0.3% and 16.8% from 2020, respectively.
- As at Q3 2021, the net combined ratio of the market increased by approximately 15 percentage points, mainly due to the unfavourable experience of PA and Health COVID-19 products.

### INDUSTRY PERFORMANCE AT Q3 2021

FINANCIAL (IN THB BILLION)	2020Q3	2021Q3	% CHANGE
<b>DIRECT PREMIUM</b>	<b>186.20</b>	<b>192.77</b>	<b>3.53%</b>
NET EARNED PREMIUM	139.89	142.92	2.17%
COMMISSION INCOME	14.93	15.37	3.00%
SUBSIDY INCOME	1.33	1.28	-3.46%
<b>TOTAL INCOME</b>	<b>156.14</b>	<b>159.58</b>	<b>2.20%</b>
NET LOSS INCURRED	75.94	99.54	31.08%
NET COMMISSION AND BROKERAGE	27.63	28.43	2.87%
UNDERWRITING AND OPERATING EXPENSE	38.85	38.65	-0.51%
<b>TOTAL EXPENSE</b>	<b>142.42</b>	<b>166.61</b>	<b>16.99%</b>
<b>UNDERWRITING PROFIT</b>	<b>13.73</b>	<b>(7.03)</b>	<b>-151.24%</b>

RATIO (%)	2020Q3	2021Q3	DIFFERENCE
<b>NET LOSS RATIO</b>	<b>54.28%</b>	<b>69.65%</b>	<b>15.4%</b>
<b>EXPENSE RATIO (INCLUDING COMMISSION)</b>	<b>47.52%</b>	<b>46.93%</b>	<b>-0.6%</b>
EXPENSE RATIO	27.77%	27.04%	-0.7%
NET COMMISSION RATIO	19.75%	19.89%	0.1%
<b>NET COMBINED RATIO</b>	<b>101.81%</b>	<b>116.58%</b>	<b>14.8%</b>

Source: The Insurance Premium Rating Bureau (IPRB)

## Market news

### NEW PRODUCTS

- Miso Solutions, a new insurtech start-up focussing on an application-only telematics platform, has partnered with Chubb Samaggi Insurance PCL to offer premium discounts shortly after the commencement of the policy depending on the policyholder's driving behaviour. Customers go through a "Qualify to Buy" process of 15 trips or 150 kilometres, whichever comes first, which measures their driving behaviour. Drivers with good behaviour can get up to 50% off their premiums.
- AXA and TQM broker joint forces with Fort Smart Service (Fsmart) to sell affordable accident insurance through Fsmart's Boonterm, the transaction kiosk available countrywide, to penetrate lower-income customer segments. The product comes in three different plans, with premiums starting from THB 12 a month.
- TISCO Bank collaborated with Muang Thai Insurance (MTI) to launch "Auto Warranty," an extended warranty product covering labour cost, cost of repair and replacement of genuine spare parts as well as the car engine. Two coverage options are available: "Value Plan" and "Full Plan," which cover five and 13 groups of genuine parts, respectively. Premiums start from THB 3,700.

- Roojai, an online insurance broker, launched a Personal Accident product which allows customers to customise their coverage plans to suit their lifestyles. AXA Insurance PCL is the underwriting insurer.
- Krungthai Panich Insurance launched a niche Motor Voluntary Type 1 insurance, called "Roon Yai Jai Kao," targeting customers aged 55 to 75 years old. On top of comprehensive Motor coverage, the new product also includes assistance service for seniors, telemedicine services, shuttle services to and from the garage and more.
- Viriyah Insurance PCL has partnered with Bangkok Dusit Medical Services (BDMS) to jointly develop a cancer insurance product called Cancer Pro by BDMS. The new proactive cancer product emphasises prevention and early detection of cancer. On top of the usual cancer coverage, the new product also offers benefits like a health check-up package and an annual cancer screening programme for policyholders upon renewal.
- In December 2021, TQM introduced a new prepaid Motor insurance, a form of usage-based insurance (UBI), which allows policyholders to purchase coverage and top-ups based on their actual usage. This new product leverages TQM UBI Connect, a distance measurement device jointly developed by TQM and AIS. With a package starting at THB 4,900, customers can choose their preferred insurance company, including Dhipaya Insurance, MTI, MSIG and Thaivivat Insurance.
- Tune Insurance launched myFlexi CI, the first flexible critical illness insurance in Thailand. Policyholders have the flexibility to choose up to five critical illness groups, including cancer, cardiovascular and cerebrovascular disease, kidney and liver disease, severe trauma and complications from diabetes, to be covered under their respective policies.
- Tokio Marine Safety Insurance launched a new product called "Pickup Sabai," with Type 2+ and 3+ coverages, to meet the needs of transport operators and commercial pickup truck users. The sum insured of the product also covers the accessories or equipment on the trucks such as wet cabinets, refrigerators, leaf springs and more.
- There are two types of products, namely with and without a lump sum benefit paid upon infection. The first type is also known as "Jer Jai Jop", which means "paid upon infection". The benefits range from around THB 20,000 to 100,000 with premiums of around THB 100 to 600.
- Despite being risky by nature, the pandemic was relatively well controlled in 2020. Therefore, the claim experience was extremely favourable, at approximately THB 70 million (COVID-19 premiums underwritten in 2020 was THB 4.2 billion), resulting in impressive underwriting profits.
- COVID-19 insurance sales continued to grow until the first half of 2021, before all insurers decided to suspend selling the "Jer Jai Jop" product. Over 80% of COVID-19 policies in 2021 were sold in Q2
- Owing to the outbreak of the Delta variant, COVID-19 cases started to spike around March to April and peaked in Q3. This resulting to large volumes of claims that haemorrhaged the Non-Life Insurance industry.
- In July 2021, Syn Mun Kong Insurance attempted to exercise the cancellation clause under COVID-19 policies and promised to return the remaining premiums to policyholders due to unmanageable COVID-19 losses. This was vetoed by the Office of Insurance Commission (OIC) through Registrar's Order No. 38/2564 on 16 July 2021, which prohibits insurers from terminating COVID-19 insurance for Non-Life Insurance companies
- In August 2021, the OIC instructed insurers to extend the reimbursement of medical expenses and provide compensation benefits to insured under home and/or community isolation as well (instead of just those who were hospitalised). This aggravated the losses incurred by insurers. In November 2021, the OIC cancelled this instruction.
- To mitigate the unexpected consequences and provide insurers with some financial relief, the OIC issued seven waivers to assist insurers with liquidity issues, effective from 30 September 2021. The measures include relaxing the minimum Tier 1 capital ratio, excluding the provision for adverse deviation in the calculation of their capital required, exempting eligible insurers from calculating capital for insurance risks from COVID-19 insurance and more. Insurers with more than THB 500 million in COVID-19 claims accumulated and with capital adequacy ratios lower than the legal requirement are eligible for waivers up until 30 June 2022.
- On 15 October 2021, the Ministry of Finance revoked the insurance business license of Asia Insurance 1950 PCL because of its unstable financial position.

## COVID-19

- COVID-19 insurance was first launched in Thailand during early 2020, following the surge of market demand. To date, COVID-19 insurance has generated more than THB 6 billion in premiums, with over 12 million policies sold.

- On 13 December 2021, the Ministry of Finance rescinded The One's insurance license after the company was unable to address its liquidity issues and liabilities from COVID-19 lump sum claims. The One was formerly known as Assets Insurance.
- On 18 December 2021, the OIC announced the plan to inject capital into the General Insurance Fund to prepare for insurers who have liquidity issues related to COVID-19 insurance.
- The OIC and the Thailand General Insurers Associations (TGIA) are having a dispute over the Registrar's Order No. 38/2564. Although the COVID-19 policies contain terms and conditions which allow either an insurer or a policyholder the right to terminate the policy with 30 days advance notice, insurers have not been able to exercise this clause. In January 2022, Southeast Insurance and Thai Insurance, companies under the Thai Group Holding (TGH), filed a lawsuit against the general secretary of the OIC over the aforementioned order.
- At the date of writing, TGH informed the Stock Exchange of Thailand that it will cease operating Southeast Insurance and Thai Insurance due to the rising COVID-19 claims.
- The OIC collaborated with insurance companies to launch the "My Policy" application. The application enables policyholders to check all information regarding their insurance policies from all companies in one place. The application is free of charge and enables policyholders to access information conveniently, quickly and securely.
- Tune Protect Thailand has collaborated with Preferred Global Health, a global patient organisation to launch myEliteDoctor. myEliteDoctor helps critically ill policyholders get second medical opinions from medical professionals working in leading hospitals in the United States. myEliteDoctor is included as a value-added service in the newly launched critical illness product of Tune, myFlexiCI.
- NOSTRA, a provider of digital map data and location contents by Globe Tech Co. Ltd, joined forces with TQM Insurance Broker to offer GeoData as a service (G-Daas) technology and geographical data sets, to be used together with geographical risk analysis models. Customers who are quoting for Home insurance on the TQM Home Innovative Platform get to understand the risks associated with their residential address and receive recommendations with a suitable and personalized home plan.

#### DISTRIBUTION CHANNEL

- Generali Thailand signed an extension of cooperation for another three years with Srisawad, a consumer finance company. The partnership between Generali Thailand and Srisawad started back in 2020 and Generali Thailand has been providing loan protection and accident insurance to Srisawad's customers

#### OTHER INSURER INITIATIVES

- In August 2021, TQM Insurance Broker planned to expand its home insurance's protection to protect against natural disasters, robbery and theft and also to cover homeowners and guests. Originally, it was only fire coverage. This move is expected to gain THB 500 million incremental revenue in the next five years.
- Generali Thailand recently extended its telemedicine service through partnership with Raksa, a leading telemedicine application in Thailand. Customers of Generali Thailand who hold policies that cover outpatient medical expenses are able to access healthcare specialists through video calls 24/7 within three minutes without any prior appointments or past consultations.

#### OTHERS

- Member countries of the Association of Southeast Asian Nations (ASEAN) signed a Memorandum of Understanding to have Compulsory Motor Vehicle Insurance for vehicles crossing borders. Countries pledge to drive the implementation of ASEAN Compulsory Motor Insurance Scheme through an online system. Road Accident Victims Protection Company Limited has been appointed by the Thai government to act as the national bureau for Thailand.
- In the Extraordinary General Meeting of Shareholders No.1/21 held on 28 December 2021, the shareholders of TQM passed a resolution to approve the change in the par value of THB 1 per share to THB 0.5 per share, resulting in a doubling in number of shares but registered capital and paid-up capital remain the same.

## KEY APPOINTMENTS

- Thai Setakij Insurance appointed Ms. Alada Phaovibul as Managing Director, effective from 14 September 2021.
- The Thai Insurance Business Council appointed Mr. Jiraphant Asvatanakul as the new chairman for the 2021-2023 term.
- The Society of Actuary Thailand appointed Mr. Nitipong Pruchyanimit as the new President, effective from 1 April 2021 to 31 March 2023.

## REGULATORY UPDATES

- The much-expected Marine insurance law for Thailand, which among other things sets out the rights and duties between insurers and the insured, a compensation amount calculation method, a definition of Marine insurance contracts and more, is undergoing review by the Office of the Council of State, a department under the Prime Minister that provides legal advice to Thai state agencies.

- In October 2021, the Public Health Ministry has increased the ceiling of health insurance for foreigners holding non-immigrant visa O-A to promote health tourism in Thailand. The changes are from THB 40,000 for outpatient care and THB 400,000 for inpatient care to at least THB 3 million for medical expenses and COVID-19 treatment.
- The OIC required both Life and Non-Life Insurance companies to use the new standard health insurance contract wordings for new customers, effective from 8 November 2021. For nonstandard contract wordings approved prior to 8 November 2021, companies can continue to make offers to new customers up until 30 June 2022.



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