

Thailand in focus

What's new in Non-Life



FEBRUARY 2021 EDITION

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We are pleased to launch our second newsletter focused on the Non-Life Insurance market in Thailand. This edition covers developments during the period from 1 July 2020 to 31 December 2020.

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



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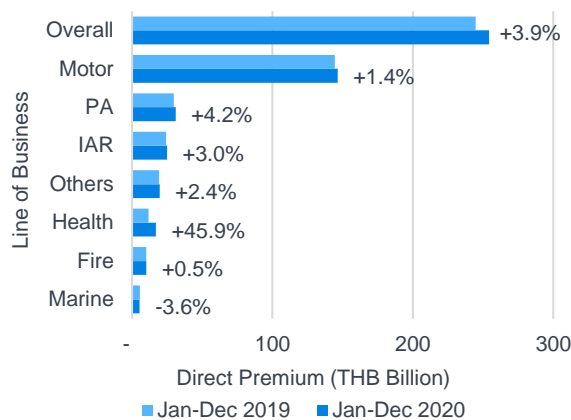
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Market performance

INDUSTRY GROWTH AT DECEMBER 2020

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



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

Source: The Insurance Premium Rating Bureau (IPRB).

- Overall, Non-Life industry direct premiums grew by nearly 4% in the 2020.
- Motor premiums declined in the first half of the year (H1) but recovered strongly in H2, resulting in a full-year growth of 1.4%.
- Health continued to show promising growth in 2020, mainly from COVID-19-related products. Direct premium recorded by Health in 2020 is THB 17.0 million, of which THB 3.7 million is attributable to COVID-19 products.
- Excluding COVID-19 products, Health premiums grew by c. 14%. The strong growth was due to increased awareness of the need for health insurance due to COVID-19, eligibility for income tax relief and a rapidly aging population.
- Also attributable to COVID-19, commercial debt is on the rise. Market sources indicate that the demand for Trade Credit (and related) insurance is gaining momentum as businesses are seeking to transfer the credit risks to the insurance market.
- As at the third quarter (Q3) of 2020, the net combined ratio of the market improved by approximately six percentage points owing to favourable loss ratios and lower expense ratios.
- While many insurers around the globe are hit hard by business interruption (BI) claims due to the COVID-19 pandemic, insurers in Thailand have been largely unscathed. BI coverage in Thailand is not common, and even then, typically has a "Communicable Disease Exclusion" clause.

INDUSTRY PERFORMANCE AT Q3 2020

FINANCIAL (IN THB BILLION)	Q3 2019	Q3 2020	% CHANGE
DIRECT PREMIUM	177.50	184.37	3.9%
NET EARNED PREMIUM	130.84	138.55	5.9%
COMMISSION INCOME	14.18	14.81	4.4%
SUBSIDY INCOME	1.34	1.33	(0.9%)
TOTAL INCOME	146.37	154.70	5.7%
NET LOSS INCURRED	75.25	75.19	(0.1%)
NET COMMISSION AND BROKERAGE	13.05	12.53	(4.0%)
UNDERWRITING EXPENSE	17.38	17.61	1.3%
OPERATING EXPENSE	21.70	20.98	(3.3%)
TOTAL EXPENSE	127.39	126.31	(0.9%)
UNDERWRITING PROFIT	18.98	28.39	49.6%

RATIO (%)	Q3 2019	Q3 2020	DIFFERENCE
NET LOSS RATIO	57.5%	54.3%	(3.2%)
EXPENSE RATIO (INCLUDING COMMISSION)	39.9%	36.9%	(3.0%)
EXPENSE RATIO	29.9%	27.9%	(2.0%)
NET COMMISSION RATIO	10.0%	9.0%	(1.0%)
NET COMBINED RATIO	97.4%	91.2%	(6.2%)

Source: The Insurance Premium Rating Bureau (IPRB)

Market news

NEW PRODUCTS

- Muang Thai Insurance (MTI)** introduced two new value-for-money health and PA insurance products called "Health Mini" and "PA Simple," respectively. Health Mini has a starting premium of THB 270 per month, whereas PA Simple has a starting premium of THB 225 per month.
- Tune** launched a new travel insurance product for AirAsia's customers called "AirAsia Annual Travel Protection (Domestic)." It is an annual policy tailored specifically for domestic travelling. It offers COVID-19 coverage and covers unlimited trips but up to 90 days per trip. This product is introduced in conjunction with the launch of AirAsia Unlimited Pass.
- Viriyah** has partnered with **Bangkok Dusit Medical Services (BDMS)**, Thailand's largest private healthcare group, to launch a new health insurance product called "Viriyah Healthcare by BDMS" in July. The product, which offers coverage with multiple limits available to policyholders, positions itself to be value-for-money. The premium starts from THB 17 per day.
- MSIG** collaborated with **Living Insider**, a real estate website, to sell new home insurance for rental homes online. The special coverages under this product are third-party liability of both landlord and renter and accidental property damage (subject to a THB 5,000 deductible).

- **Muang Thai Insurance (MTI)** collaborated with **TQM**, the insurance broker, in August for the fifth installment of the "For Lady" campaign. MTI offered five products this year—Motor, accident, cancer, home and domestic travel insurance. These products are targeted specifically at women, with features such as plastic surgery coverage under the Motor policies and doubling the payout for women-specific cancers.
- **Dhipaya** has launched a new pay-as-you-go comprehensive motor insurance called "Up to Mile" to target drivers who own multiple cars or do not drive frequently. The coverage terminates at the end of the policy year or when the mileage limit is used up. Customers are allowed to top up extra mileage and carry forward any unused mileage.
- **MSIG** partnered with **CAT**, an information technology (IT) security service specialist, to launch a cyber insurance product, covering business of all sizes and indemnifying losses incurred from a variety of cyber-attacks.
- **Dhipaya** partnered with technology multinational **Cisco**, offering "TIP Cyber Guard Plus Powered by Cisco." The product offers SMEs with cyber insurance protection against financial losses resultant from cyberattacks.

COVID-19

- **OIC** collaborated with the government and 16 insurers to sell mandatory COVID-19 insurance to foreigners entering Thailand starting 28 August 2020 onwards. The insurance covers death and medical fees from COVID-19 with coverage periods of less than a month to one year. The premiums range from THB 1,600 to THB 43,200, depending on the country of residence.
- Following another wave of COVID-19 cases in December 2020, the **Thai General Insurance Association (TGIA)** once again recommended that insurers suspend selling COVID-19 policies which pay lump sum benefits to policyholders upon infection.
- **OIC** collaborated with insurance firms to launch a microinsurance product called "10 Baht New Normal Plus," an accident insurance cover which comes with COVID-19 protection. At the low price of THB 10, this new microproduct is widely regarded as a new year gift to the Thais.

OTHER INSURERS' INITIATIVES

- **Falcon** introduced a new telemedicine service to its health insurance policyholders. The service allows customers to obtain remote clinical services from 21 affiliated hospitals via real-time consultation with doctors through messages, voice calls or video calls.
- **Dhipaya** collaborated with **Doctor Anywhere**, a telehealth startup, to launch the project called "Unlock Thailand: Tele Doctor against COVID-19," a telemedicine service. The first 100,000 registered customers received free consultations related to COVID-19 infection.

- **Southeast Insurance** partnered with the **TCC Hotel Group** to offer its customers accommodation discounts. Members of Southeast's S Plus+ application can get a 55% discount on accommodation in exchange for 55 S Plus+ points. New customers of S Plus+ who stay at any hotels under the TCC Hotel Group will also receive three months of COVID-19 insurance coverage.
- **AIG** partnered with **Synnex**, a distributor of IT devices and gadgets, to launch a campaign called "Synnex Double Protection." Under this campaign, AIG offered free PA insurance and an extra month of extended warranty coverage for Synnex's customers.
- **Thaivivat** partnered with three companies—namely **Central Pattana**, a retail property developer, **Advance Info Service (AIS)**, a telecommunication network provider, and **Blue Parking**, a start-up focusing on smart parking technology—to launch "Thaivivat Parking," a new parking reservation system built into Thaivivat's existing mobile application, "Thaivivat Motor." Users can reserve their parking lots up to 60 minutes in advance. Upon reaching the parking lot, users can lift the parking barrier through the application.

DISTRIBUTION CHANNEL

- **Siam Commercial Bank (SCB)** established a new subsidiary called SCB Protect, a Life and Non-Life insurance brokerage business offering life insurance, health insurance, asset protection and savings protection.
- **JP Insurance** launched "JP Connect" through its official website in July 2020. JP Connect allows customers to purchase JP's products, including but not limited to Motor Voluntary, Motor Compulsory, PA and COVID-19 policies, directly and instantly online.
- **Frank Insurance**, the digital insurance broker, was rebranded to **Bolttech Insurance Broker (Thailand)** in September 2020 in an effort by its Hong Kong-based parent company to consolidate its various digital insurance units under one brand.
- **Dhipaya** joined forces with **PTT**, the state-owned oil and gas company, to distribute motor, fire, PA, travel and health insurances through 200 selected PTT petrol stations.
- **Viriyah** partnered with **Counter Service**, a payment service provider under CP Group, to offer health insurance called "Viriyah Healthcare by BDMS" and travel insurance called "Pragun Tong Tiew Suk Jai" through 12,500 7-11 stores nationwide.
- **Drive Dee**, the online insurance website launched by **Tokio Marine Insurance Thailand** back in 2016, was reported to have shut down in late 2020.
- **Siam Commercial Bank (SCB)** partnered with **The Mall Group**, a retail and shopping mall operator, to boost sales in the last financial quarter. During the campaign, customers get free "M Points," under The Mall Group's loyalty program, when they buy insurance policies at SCB booths located in The Mall Group shopping malls.

- Large non-insurance conglomerates are diversifying into insurance broking business. **Sansiri**, Thailand's leading property developer, invested in a new venture, **Hugs Insurance Broker** in September 2020. **OIC** has approved the brokerage license for **Central The 1**, Thailand's largest loyalty platform under the Central group.

INSURTECH

- Six Network** partnered with **Claim Di** to integrate its blockchain technology into Claim Di's existing applications. The blockchain technology uses evidence-based imaging at crime scenes and reduces fraud.

AGRICULTURAL INSURANCE

- A new government insurance campaign has been launched for Thailand's more than 4.5 million beef farmers. The insurance will provide coverage of up to THB 30,000 per head of cattle for six months, with an insurance premium of only THB 400 per head. The cover, which is offered through Dhipaya Insurance, pays out when cattle die from diseases, accident, fire, lightning, landslide, storm or earthquake.

OTHERS

- Dhipaya** is preparing to revamp shareholdings of the group, which involves delisting the currently listed company, establishing a new holding company and listing the new company.
- OIC** has temporarily suspended **Sahamongkol (Union Prospers) Insurance** from writing new policies since 20 November 2020 onwards due to insufficient capital.
- OIC** and **Department of Land Transport (DLT)** plan to co-develop an IT system and share real-time data on Motor Compulsory insurance connected with insurance companies. The objective is to reduce the number of uninsured vehicles, particularly motorcycles in the country.

KEY APPOINTMENTS

- Dhipaya** appointed General Somchai Dhanarajata as the Chairman of Executive Committee, starting from 26 September 2020.
- Chubb Samaggi** appointed Stuart Kerr as head of Property and Casualty on 14 October 2020.
- Thai Holding Group** appointed Chotipat Peechanon as President of **Southeast Insurance**, effective 16 November 2020.
- TQM**, the insurance broker, appointed Thana Thienachariya as an independent board member on 24 December 2020. Previously, he was the CMO of **Siam Commercial Bank (SCB)**.

Regulatory updates

- OIC** requires both Non-Life and Life insurers to disclose information for policies which are offered for sale via online channels through a new website operated by OIC called "Guruprakanphai." The website, which went live in July, aims to promote transparency, allowing the public to compare the policies offered by insurers conveniently.
- OIC** has announced a collaboration with **Chula Unisearch**, Academic Centre of Chulalongkorn University, to study and enhance the health insurance law. OIC plans to propose a new law to regulate the growing voluntary health insurance market.
- OIC** kicked off the Regulatory Guillotine Project for all insurers. Through this initiative, OIC will repeal laws and rules that are redundant.
- The **OIC** board approved a revision of its risk-based capital (RBC) calculation in September 2020. The revised calculation came into effect on 31 December 2020. The revision aims to improve the industry's capital adequacy ratios which have been declining since the transition to RBC2. The new calculation discounts the risk charge on equity investment hedging. The correlation between assets and insurance risk is adjusted down from 75% to 25%.
- In November, **OIC** arranged a seminar to receive opinions on proposed amendments to the rules and guidelines pertaining to revocation and suspension of relevant licenses for insurance personnel. Under the existing regulation, the licenses for agents, brokers and loss adjusters as well as actuaries can only be revoked, not suspended. The amended rules are believed to be more reasonable, efficient and fair.

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