

Thailand in focus

What's new in Non-Life



AUGUST 2022 EDITION

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We are pleased to launch our fifth newsletter focused on the Non-Life insurance market in Thailand. This edition covers developments from 1 January 2022 to 30 June 2022.

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



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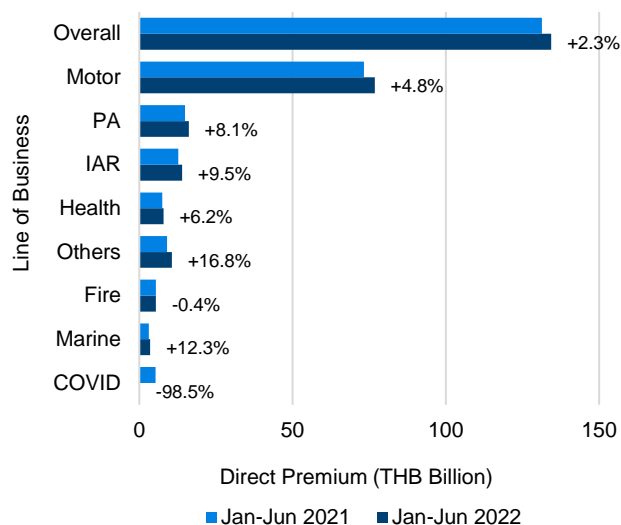
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Market performance

INDUSTRY GROWTH AT JUNE 2022

Direct Premiums (THB billions) and Growth (%)



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

* Miscellaneous sub lines.

Source: The Insurance Premium Rating Bureau (IPRB).

- Overall, a c. 2.3% increase in direct premiums has been observed compared to the same period in 2021. Positive growth is observed mostly across all lines, except for Fire and COVID-19 products.
- The premium of the Motor business continued to grow in the first half of 2022. The market share controlled by the top five players remains broadly unchanged.
- We have observed weakening momentum in growth for Health in the first half of 2022 while PA continued to show promising growth. Direct premiums recorded by PA and Health combined from January to June 2022 are THB 24 billion.
- The volume of written premiums recorded for COVID-19-related products significantly plummeted, primarily due to the suspension of new policies issued following hemorrhaging claims experience.
- As of Q1 2022, the net combined ratio of the market surged by approximately 96 percentage points, mainly due to unfavorable experiences coming from PA and Health owing to the COVID-19 products.

INDUSTRY PERFORMANCE AT Q1 2022

FINANCIAL (IN THB BILLIONS)	Q1 2021	Q1 2022	% CHANGE
DIRECT PREMIUM	68.2	63.7	-6.6%
NET EARNED PREMIUM	48.9	43.9	-10.2%
COMMISSION INCOME	4.9	4.9	0.5%
SUBSIDY INCOME	0.5	0.4	-2.8%
TOTAL INCOME	54.2	49.2	-9.1%
NET LOSS INCURRED	28.0	68.7	145.0%
NET COMMISSION AND BROKERAGE	9.6	8.8	-8.2%
UNDERWRITING AND OPERATING EXPENSE	13.6	11.4	-16.7%
TOTAL OUTGO	51.3	88.8	73.3%
UNDERWRITING PROFIT	2.9	-39.6	-1452.7%

RATIO (%)	Q1 2021	Q1 2022	DIFFERENCE
NET LOSS RATIO	57.3%	156.4%	99.0%
EXPENSE RATIO (INCLUDING COMMISSION)	36.7%	33.8%	-2.9%
EXPENSE RATIO	26.9%	24.8%	-2.1%
NET COMMISSION RATIO	9.7%	9.0%	-0.7%
NET COMBINED RATIO	94.0%	190.2%	96.2%

Source: The Insurance Premium Rating Bureau (IPRB)

Market news

NEW PRODUCTS

- AXA Insurance (AXA) launched the "Mosquito and Tropical Disease Insurance" plan, which covers up to five critical diseases caused by mosquitos such as dengue, Zika virus, malaria, aedes arthritis (chikungunya) and encephalitis. The premiums start from THB 48 a year with coverage of a lump sum payment of up to THB 30,000 and hospitalization costs for a night. A prior medical checkup is not required.
- AXA introduced "AXA Smart Care Cancer" at premiums starting from THB 3 a day and coverage of up to THB 750,000. Unmarried children aged 15 days to 22 years old enjoy free coverage. The product covers skin cancer, but the benefit is capped at 20% of the sum assured. The insurance can be purchased online without a prior medical checkup, and customers will receive the policy immediately.
- SCB Protection launched a new insurance product to protect cyclists and their bicycles, with premiums starting from THB 1,000 per year. The policy covers cyclists up to THB 500,000 in the event of death arising from cycling accidents and maximum medical expenses of THB 50,000 per accident, with no limit on the number of accidents. The plan also offers bike protection up to 80% of the bike value.

- In March, Ngern Tid Lor insurance brokerage partnered with Chubb Insurance to launch new Voluntary Motorcycle insurance (Type 2+ and 3), covering motorcycle damage of the insured and third parties as well as loss of life up to THB 50,000. Premiums start from THB 1,620 per annum.
 - Ngern Tid Lor insurance brokerage has partnered with Viriyah to introduce a new Motorcycle Theft insurance. The coverage also extends to total loss of motorcycle due to accident, death and total permanent disability of the policyholder. The product targets owners of 50 to 600 cc motorcycles, and the premiums start at THB 290 per year.
 - In May, AIS Insurance partnered with Igloo, an insurtech company, to offer two new mobile insurance products, "Phone Screen Protection" at THB 107 per year and "Mobile Phone 360" at THB 128 per year, through the AIS Insurance Services app. These mobile insurance plans provide coverage of up to THB 44,900 for repairing costs for cracked phone screens for both new and used mobile phones. The latter extends the coverage to accidental damage from water, loss and theft.
 - SCB Protection collaborated with Samitivej Hospital to launch a health checkup program with cancer protection insurance for women aged 30 to 50. The package is offered at THB 18,600 with coverage up to THB 500,000. For SCB customers between the age of 30 and 40, a smaller package that solely covers cervical and breast cancer screening is also available. With coverage up to THB 500,000, the smaller package is available for THB 8,600.
 - Falcon Insurance Public Company Limited launched a new product called "Smart Motor". Smart Motor is a usage-based insurance which allows customers to save on premiums based on actual mileage driven. The distance driven is measured using a gadget connected to a car's USB port and can be monitored through the @SmartMotor LINE application. The premium payable by a customer is divided into two parts, a basic premium payable at the start of coverage period and a monthly premium calculated based on the distance driven in the month.
 - In June 2022, MSIG Insurance collaborated with Thai Vietjet to offer "Sky Insurance", covering medical expenses due to accident or illness including COVID-19 infection, damage or loss of baggage and more. This project is exclusive to passengers travelling with Thai Vietjet on its international routes. The travel insurance has three plans, including one-way travel insurance and round-trip travel insurance for Vietnam, Singapore and other countries, with premiums ranging from THB 159 to THB 400 and coverage between USD 10,000 to and USD 30,000.
 - Credit OK, a fintech platform, has collaborated with Chubb Samaggi Insurance to launch the "Protect Now, Pay Later" programme for small and medium businesses, corporations and individual customers. The premium is payable in six instalments with 0% interest. The program provides basic protection such as loss arising from theft, liability to third parties, fire, lightning and other standard covers, as well as special protection including liability arising from neon signs and billboards, food and drink poisoning, costs of transporting carcasses and temporary firefighting and prevention costs.
- COVID-19**
- Our previous [newsletter](#) noted that COVID-19 claims from the lump sum benefit paid upon COVID-19 infection policies (Jer Jai Jop) caused the closure of several non-life insurers. The situation has not eased off in the first half of this year.
 - On 16 March 2022, the Office of Insurance Commission (OIC) reintroduced the regulation to pay benefits for COVID-19 isolation cases, which was initially introduced in August 2021 and subsequently cancelled in November 2021. This regulation ordered all insurers in Thailand to cover medical expenses and daily compensation for COVID-19 policyholders in isolation (including home isolation, hotel isolation and community isolation) even if the product does not cover such benefits. This announcement is effective for claims from 1 November 2021 to 16 May 2022. The details are:
 1. For policyholders with only outpatient coverage, the insurers must cover medical fees up to the coverage limit.
 2. For policyholders who have only inpatient coverage, the insurers are required to pay for medical fees up to the coverage limit or a maximum of THB 12,000.
 3. For policyholders with both inpatient and outpatient coverages, the insurers have to pay the actual medical fees up to the outpatient coverage limit. If the medical fees exceed the outpatient coverage, the insurers must pay for medical fees up to the inpatient coverage limit or a maximum of THB 12,000.
 4. Regarding the daily income compensation for policyholders under isolation, the insurers are required to compensate each high-risk patient who cannot access hospital treatment. A patient is considered as high-risk if they meet the criteria including but not limited to 60 and above, possess chronic obstructive pulmonary, lung or kidney disease, diabetes, obesity and more. The insured is required to provide reverse transcription polymerase chain reaction (RT-PCR) results as proof of COVID-19 infection.

- In early April, OIC published statistics revealing that the cumulative COVID-19 claims from 2020 to 15 March 2022 is approximately THB 52 billion (c. 475% of premiums). The claims from the lump sum benefit contributed around 80% of the total claims (THB 42 billion). The remaining claims are medical expenses and hospital cash claims.
- On 1 April 2022, OIC revoked the licenses of both Southeast Insurance and Thai Insurance given their financial instabilities. This decision came a few months after Thai Group Holding (TGH) informed the Stock Exchange of Thailand and sought approval from the OIC regarding its plan to run off both Southeast Insurance and Thai Insurance following the disastrous underwriting performance of its COVID-19 policies. According to market sources, most of the Jer Jai Jop exposure for Southeast Insurance and Thai Insurance expired between May and June 2022.
- On 17 May 2022, Syn Mun Kong Insurance filed for bankruptcy protection to restructure the debts and raise more capital after facing massive COVID-19 claims. Syn Mun Kong is one of the larger Jer Jai Jop policy providers, with 90% of its Jer Jai Jop exposure expiring at the end of April 2022.

DISTRIBUTION CHANNEL

- In April 2022, Falcon Insurance expanded its distribution channels by selling insurance products through vending machines in department stores in Bangkok and metropolitan areas to make it more convenient for the public to access their products. Motor Voluntary Type 2+, Motor Voluntary Type 3+, Motor Compulsory and PA covers are sold at a discounted price through the vending machines. This is a collaboration with Sabuy Technology company.
- Sompo has partnered with the ShopeePay, an all-in-one mobile wallet payment service provider, to offer insurance products via the online platform. The products offered are MotorJoy, a Motor insurance, and TravelJoy, a Travel Insurance.
- Kiatnakin Phatra Bank (KKP) has collaborated with Generali Insurance and Muang Thai Insurance to sell insurance products through its KKP mobile application. Generali offers Simply E-Cancer insurance with benefits of lump sum payment when diagnosed and double coverage for certain cancers, as well as monthly compensation of THB 10,000 up to a maximum of six months. On the other hand, Muang Thai offers Motor Voluntary 2+ Care, Motor Voluntary 3+ Care and Motor Compulsory insurance.

OTHER INSURERS' INITIATIVES

- Dhipaya Group Holdings (TIPH) is setting up a new subsidiary, TIP IB which will invest in other companies. These insurers are going to be Thailand's first digital insurance and Takaful operators. The new digital insurer will only sell insurance products through digital platforms and focus on retail customers.
- Thaivat Insurance has launched Motor AI Recognition Solution (MARS). Through artificial intelligence (AI), a car's condition can be checked by customers in real time via the MARS Inspect application.
- In May 2022, Dhipaya Insurance joined forces with Sabuy to launch FIIT Token, a fit-to-earn cryptocurrency.

MERGERS AND ACQUISITIONS (M&A)

- Allianz Ayudhya Capital PCL agreed to acquire 100% of Aetna Thailand to further expand into the Thai health insurance market.
- Starr Insurance announced its acquisition of FPG Insurance Public Company Limited (FPG Thailand), as an initiative of business expansion into the Thailand market. The investment is held by Starr's Bermuda-based insurance company, Starr Insurance & Reinsurance Limited.
- Chubb completed its acquisition of Cigna's Accident and Health and Life business in the Asia Pacific, including Thailand.

OTHER

- The cabinet has approved the Rice and Maize Insurance Program for the year 2022 to cover the risk of natural disasters. The government will be offering supporting premiums with a total of THB 224,442,600. There are three plans available for both rice and maize policies.
- On 27 May 2022, OIC instructed Phutthatham Insurance Public Company Limited (Phutthatham) to temporarily suspend the issuance of non-life insurance policies due to its unfavorable financial position with liabilities exceeding assets. According to market statistics, Phutthatham has no exposure to COVID-19 policies in the past two financial years.

KEY APPOINTMENTS

- ThaiSri Insurance appointed Till Böhmer as the new CEO.
- KSK Insurance (Thailand) PCL appointed Sirisuk Manmettakul as the new CEO.
- Tokio Marine Safety Insurance Thailand announced the appointment of Nobufumi Yasue as the new President, effective from 1 April 2022.

REGULATORY UPDATES

- In May 2022, the General Insurance Fund (GIF) revised its regulations to borrow more cash in case the OIC suspends more insurance companies in the future. The GIF assures that there are sufficient funds to service insurance claims for insurers that have failed to pay COVID-19 policy claims to their customers.
- In November 2021, OIC introduced the new health regulations. Policies issued on 1 July 2022 onwards must follow the new regulations. The changes include:
 1. Insurers are required to use new standardised wording for health policies, enhanced to enable customers' easy comparison of Health products across life and non-life insurers
 2. Policies must be renewable until at least age 69. Insurers are not able to deny policy renewal except for fraudulent cases
 3. During policy renewal, insurers may introduce a copayment of up to 50% with up to 50% premium discount
 4. The maximum no-claim discount allowed is 30%Guaranteed renewal means underwriting, and risk selection through pricing in the early years of the product are critical, as any errors can take several years to correct. Some observers question whether individual medical insurance portfolios are financially sustainable in the long run, especially if insurers compete to cover the very old ages eventually. Fortunately, OIC's allowance for discounts and coinsurance provides insurers with valuable tools for managing the financial performance of such products. Milliman plans to cover the critical issues in an upcoming webinar. Stay tuned!



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