

Thailand in focus

What's new in Non-Life

MARCH 2024 EDITION

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We are pleased to share our half-yearly newsletter focused on the non-life insurance market in Thailand. This edition covers developments from 1 July 2023 to 31 December 2023.

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



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Earlier editions of Thailand in focus can be downloaded using the links below:

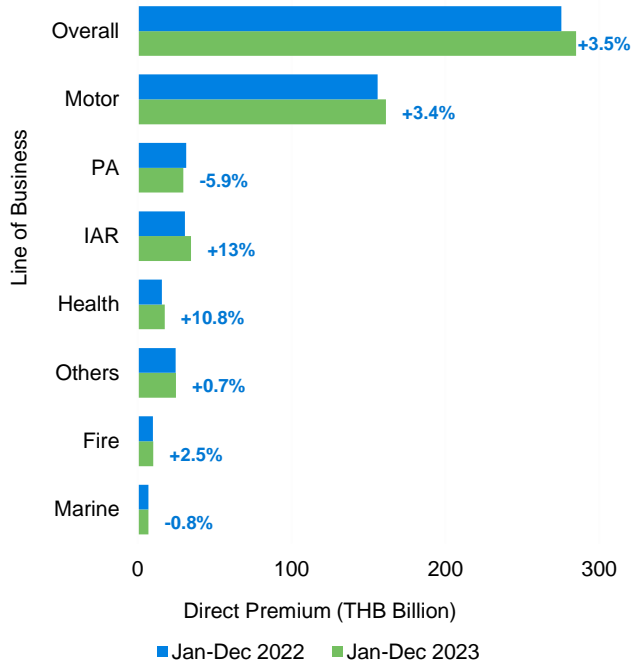
[March 2023 Edition](#)

[August 2022 Edition](#)

Market performance

INDUSTRY GROWTH AT DECEMBER 2023

Direct Premiums (THB billion) and Growth (%)



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

* Miscellaneous sub-lines.

Source: The Insurance Premium Rating Bureau (IPRB).

- Overall, there has been a 3.5% year-on-year increase in direct premiums from January to December 2023. This growth is mainly attributed to Motor, Industrial All Risks (IARs), and Health. While most lines of business experienced growth, Personal Accident (PA), Marine did not show positive trends.
- The increase in Motor direct premiums can be partly credited to the remarkable rise in Electric Vehicle (EV) sales, which have surged by almost 700% compared to the previous year. Despite this surge in sales, the average price per policy has remained stable.
- The growth in Health premiums has continued, accompanied by an improvement in the loss ratio.
- As of Q3 2023, the net loss ratio has returned to pre-pandemic levels. Coupled with decreasing expense ratio, the industry has managed to achieve a healthy net combined ratio of 91%.

INDUSTRY PERFORMANCE AT Q3 2023

FINANCIALS (IN THB BILLIONS)	Q3 2022	Q3 2023	% CHANGE
DIRECT PREMIUM	189.4	194.2	2.5%
NET EARNED PREMIUM	135.5	139.8	3.2%
COMMISSION INCOME	14.4	14.5	0.6%
SUBSIDY INCOME	1.3	1.4	4.4%
TOTAL INCOME	151.2	155.6	2.9%
NET LOSS INCURRED	141.2	78.2	-44.6%
NET COMMISSION AND BROKERAGE	26.6	27.6	3.7%
UNDERWRITING AND OPERATING EXPENSE	36.7	36.9	0.6%
TOTAL OUTGO	204.5	142.7	-30.2%
UNDERWRITING PROFIT	-53.3	13.0	-124.3%

RATIOS (%)	Q3 2022	Q3 2023	DIFFERENCE
NET LOSS RATIO	104.2%	55.9%	-48.3%
EXPENSE RATIO (INCLUDING COMMISSION)	35.1%	34.8%	-0.3%
EXPENSE RATIO	26.1%	25.4%	-0.7%
NET COMMISSION RATIO	9.0%	9.4%	0.4%
NET COMBINED RATIO	139.3%	90.7%	-48.6%

Source: The Insurance Premium Rating Bureau (IPRB).

Market news

NEW PRODUCTS

- MSIG Insurance has partnered with TQM to launch a new travel insurance product that offers additional coverage beyond traditional travel insurance. If insured individuals experience a delay of more than three hours in their departure from or arrival to Thailand for any reasons, they will receive a compensation of THB 500.
- Bangkok Insurance (BKI) has developed a microinsurance product with standard accident coverage. This product is designed to be simple and affordable, with an annual premium of THB 222.
- Allianz has launched two new In-Patient Department (IPD) health insurance products called "Superior Health" and "Savvy Health." Superior Health is specifically tailored for the family segment, offering monetary benefits of THB 2/5/10 million and providing worldwide hospital coverage (excluding the United States). Additionally, Superior Health provides a discount for family purchases (two or more people) and allows for deductible options. Savvy Health is designed to target newly employed individuals with sum insured options of THB 250,000/500,000/750,000.
- AXA Insurance has launched an accident insurance called "Welcome Labour Insurance" targeting entrepreneurs who employ foreign workers from Cambodia, Laos, Myanmar and Vietnam (CLMV). This product is priced at THB 990 for a 6-month coverage.

COVID-19

- Due to substantial losses from COVID-19 lump-sum policies, Syn Mun Kong Insurance (SMK) filed for rehabilitation with the court in April 2022. On 15 December 2023, the Central Bankruptcy Court revoked its rehabilitation plan. Consequently, the Office of Insurance Commission (OIC) has temporarily suspended the company from accepting new business.

DISTRIBUTION CHANNELS

- In 2022, TIPH, Dhipaya Insurance's holding company, acquired Erawan Insurance and rebranded it as InsurVerse, thereby establishing the first fully digital insurer in Thailand. The platform, which was officially launched in September 2023, allows customers to directly purchase products, bypassing traditional channels. Furthermore, it provides customers with the convenience of filing claims and tracking their status through the online platform.
- Allianz Ayudhya has joined forces with Lotus General Insurance Broker to sell motor insurance through the Lotus Money Plus service counters, which are located in more than 200 Lotus department stores across the nation.
- Sunday Insurance has partnered with Government Pension Fund (GPF) to provide EV insurance, health insurance, and critical illness insurances at a discounted rate. This partnership offers these insurance products as a new welfare benefit to GPF members through the GPF and Sunday applications.
- Navakij Insurance is in collaboration with Summit Green Valley, a golf course in Chiang Mai, to provide golf insurance to players. The coverage includes accidents occurred during golfing and damage to golf equipment up to THB 500,000. This collaboration aims to boost golf tourism in Chiang Mai province.
- In November 2023, TMBThanachart Bank (TTB) announced its establishment of TTB Broker. The goal of this initiative is to position TTB Broker to become a leading motor insurance brokerage.

OTHER INSURER INITIATIVES

- Thanachart Insurance is in collaboration with Ruklue Plus, a media company specializing in children and family-related content, to promote its PA product called "Happy PA for Child." This product covers accident and common diseases in children and is positioned as a value-for-money product.
- Thanachart Insurance has partnered with TTB to offer a 10% discount for customers who switch from other types of motor insurance to Type 1 (i.e., comprehensive) on renewal. This offer is available at all TTB branches.
- BKI has announced its strategic plan to form a new holding company called BKIH. This move aims to enhance flexibility in business expansion to become a tech insurance company.

- Indara Insurance has developed a new system called "Smart Claim" aimed at streamlining the claims process. This system allows Indara's staff to evaluate damages from accidents and submit claims immediately, streamlining the overall claims process.
- Dhipaya has signed a memorandum of understanding (MoU) with the National Institute for Emergency Medicine (NIEM) to develop a group accident product specifically designed for emergency medical field staffs and their families.

MERGERS AND ACQUISITIONS (M&A)

- After purchasing FWD General Insurance Thailand in July 2023, Roojai expanded further by acquiring the DirectAsia Group from Hiscox in September. Following the acquisition, subject to customary conditions and regulatory approvals, DirectAsia Thailand will be rebranded to Roojai while DirectAsia Singapore will maintain its current brand.
- TQR, a reinsurance broker, has acquired shares in AlphaSec to enhance its capabilities in cyber insurance.
- In September 2023, Ergo Insurance successfully completed its acquisition of Nam Seng Insurance.

KEY APPOINTMENTS

- In October 2023, Pongpanu Damrongsiri was appointed as the executive director of the Thai General Insurance Association (TGIA).
- Choochat Pramoonthol has been appointed as the managing director of OIC starting 31 October 2023.

REGULATORY UPDATES AND INITIATIVES

- OIC and TGIA began initiating several short-term actions to mitigate the policyholders' burden of high premium rates for Battery Electric Vehicle (BEV) insurance in late 2022.
- Since early 2023, they have been actively discussing the development of a standardized BEV insurance policy and premium tariff. This first draft was opened for public feedback in October 2023. After addressing the comments from the public, this initiative is expected to be effective from 1 January 2024. The OIC is allowing a grace period of five months until 31 May 2024 for insurers to comply with the new regulation. The key points from the new standardized BEV insurance are:
 - Separation of battery coverage from vehicle coverages:** If battery replacement is required due to damage, insurers will compensate based on the battery's age. For instance, if the battery is less than a year old, the insurer will pay 100% of the battery price. If the battery is older than five years, insurers will only pay at the maximum of 50% of the price.

- **Additional riders:** Insurers can purchase a rider to ensure that the insurer always pays 100% of the battery cost if battery replacement is needed, regardless of the battery's age. The second rider covers damage to the personal battery charger from an accident while charging.
- **Named driver requirement:** For personal-use BEVs, the driver's name must be specified. This will be one of the factors used to derive the premium rate. Up to five drivers can be named in the policy.



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