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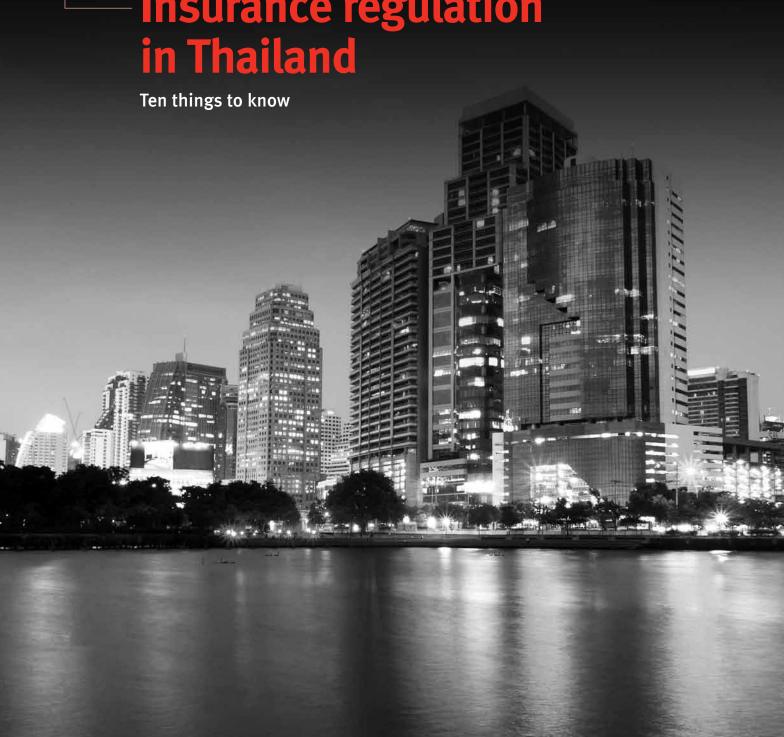
INFRASTRUCTURE, MINING AND COMMODITIES

TRANSPORT

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PHARMACEUTICALS AND LIFE SCIENCES

Insurance regulation in Thailand



Insurance regulation in Thailand*

1 The regulator

The Office of Insurance Commission, under the supervision of the Ministry of Finance (OIC) regulates insurers, brokers and agents.

Subsidiary/branch:

Both are permitted for an insurer; however the OIC's current policy is not to grant new licences for either on the basis that the insurance company market requires consolidation.

Brokers must establish a legal entity in Thailand.

Only individuals can be insurance agents.

FDI restrictions

Insurance and reinsurance companies:

- up to 25 per cent less one share permitted
- up to 49 per cent with approval of the OIC
- above 49 per cent with approval of the Minister of Finance

Brokers can be 100 per cent foreign owned, but if > 49 per cent they need a licence under the Foreign Business Act.

Control approvals

A change of ≥ five per cent shareholding must be notified after the event to the OIC.

A change in directors must be approved by the OIC.

Minimum capital

Life insurer/reinsurer: THB500 million General insurer/reinsurer: THB300 million

THB31.5 = USD1 at 14 August 2012

Risk based capital

Yes – Eligible Capital/Risk Capital Requirement x 100 per cent = minimum capital requirement.

Eligible Capital is equity, share premium, retained profits, preference shares less certain deductions. Assets are valued at market value with adjustments.

Risk Capital Requirement is liabilities (calculated on a bestestimate basis) plus capital charges for insurance risk, market risk, credit risk, concentration risk.

Solvency margin: minimum capital requirement of 125 per cent, increasing to 140 per cent by 1 January 2013.

7 Group supervision

No.

Policyholder protection

Yes. The General Insurance Fund and the Life Insurance Fund (funded by industry levies) assist policyholders of non-life and life insurers respectively in the event of insolvency or revocation of insurance licence. Payments are limited to THB1 million.

Prior to claiming from the relevant fund, policyholders must first bring a claim against the insurer and, in insolvency proceedings, the policyholder will have priority over other creditors against any securities and unearned premiums reserves of the relevant insurer placed with the OIC.

Portfolio transfers

No regime

10 Outsourcing

Insurer may not outsource "core" functions, which include: risk underwriting & issue of policy and collecting premiums. An insurer may outsource non-core administrative functions, eg accounting, IT and back office functions. There is no formal approval process. Generally insurers will consult and obtain approval from the OIC for all outsourcing arrangements.

^{*}as at 14 August 2012

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