

# Thailand in focus

What's new in Non-Life

**AUGUST 2023 EDITION**

## TABLE OF CONTENTS

<b>Market Performance</b>	<b>2</b>
<b>Market News</b>	<b>2</b>
New Products	2
COVID-19	3
Distribution Channel	3
Insurtech	3
Rice and Maize Insurance	4
Other Insurer's Initiative	4
Mergers and Acquisitions (M&A)	4
Key Appointments	4
Regulatory Updates and Initiatives	4
<b>IFRS 17 – Milliman Survey</b>	<b>6</b>

We are pleased to share our half-yearly newsletter focused on the non-life insurance market in Thailand. This edition covers developments from 1 January 2023 to 30 June 2023.

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

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

[March 2023 Edition](#)

[August 2022 Edition](#)



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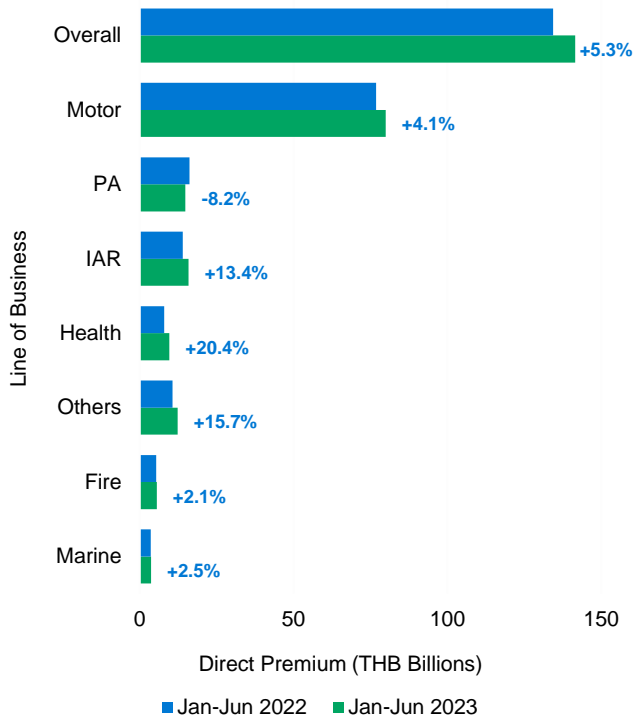


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## Market performance

### INDUSTRY GROWTH AT JUNE 2023

#### 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, direct premiums increased by 5.3% year-on-year during the period from January to June 2023. This growth has been primarily driven by the Motor, Industrial All Risks (IARs) and Health insurances. Most lines of business have demonstrated positive growth, except for Personal Accident (PA).
- During the first half of 2023, Motor premiums demonstrated a consistent upward trajectory, even in the face of a 5% decrease in overall new vehicle sales compared to the same period in 2022. This rise in Motor premiums can be partially attributed to the higher average premium for Motor Voluntary, which experienced approximately a 2% increase.
- As of Q1 2023, the market's net combined ratio has notably reduced by approximately 98 percentage points. This shift is largely due to the disproportionate levels of the previous year, which were considerably elevated as a result of COVID-19 claims. The current net combined ratio has since moved towards alignment with pre-pandemic underwriting results.

### INDUSTRY PERFORMANCE AT Q1 2023

FINANCIALS (IN THB BILLIONS)	Q1 2022	Q1 2023	% CHANGE
DIRECT PREMIUM	64.3	66.3	3.1%
NET EARNED PREMIUM	44.2	45.1	2.0%
COMMISSION INCOME	4.9	4.8	-3.3%
SUBSIDY INCOME	0.4	0.5	10.0%
TOTAL INCOME	49.6	50.4	1.5%
NET LOSS INCURRED	68.9	25.6	-62.8%
NET COMMISSION AND BROKERAGE	8.9	9.1	2.7%
UNDERWRITING AND OPERATING EXPENSE	11.5	12.1	4.7%
TOTAL OUTGO	89.3	46.8	-47.6%
UNDERWRITING PROFIT	-39.7	3.5	-108.9%
<b>RATIOS (%)</b>	<b>Q1 2022</b>	<b>Q1 2023</b>	<b>DIFFERENCE</b>
NET LOSS RATIO	155.9%	56.9%	-99.0%
EXPENSE RATIO (INCLUDING COMMISSION)	34.0%	35.3%	1.3%
EXPENSE RATIO	25.0%	25.6%	0.6%
NET COMMISSION RATIO	8.9%	9.6%	0.7%
NET COMBINED RATIO	189.8%	92.1%	-97.7%

Source: The Insurance Premium Rating Bureau (IPRB).

## Market news

### NEW PRODUCTS

- Thanachart Insurance has collaborated with TMB Thanachart Bank (TTB) to launch a new PA product named "Personal Accident Insurance PA Tan Ruk". This insurance can be purchased by customers through the TTB Touch application for themselves and their families. With a starting premium of THB 350 per year for PA coverage and THB 250 for additional coverages, customers have the flexibility to customise their plans according to their specific needs. The additional coverages encompass medical expenses for common childhood diseases, hospital cash benefits, coverage for cancer and more.
- Krungthai Panich Insurance (KPI) has partnered with TVD broker to offer the "Personal Accident Insurance 100 years" product. It is designed for individuals aged 20 to 75 years and offers the option to renew up to the age of 100. Furthermore, this product does not require underwriting.
- Tune has launched "ChillSure", a new hospital cash product that provides a daily lump sum benefit of up to THB 2,000 for hospitalisation (up to 180 days per year) and PA coverage up to THB 10,000. The compensation is doubled for intensive care unit (ICU) room hospitalisation due to an accident, for up to a maximum of 15 days each year. Customers will be eligible for a 10% no-claim discount during renewal.

- The starting premium for ChillSure is THB 1,088 per year.
- Grab, in collaboration with Dhipaya Insurance, has introduced the "Digital Commercial Vehicle Insurance" for ride-hailing drivers. The insurance product highlights flexibility and affordability through a pay-per-use model with a flat rate, providing daily coverage for the days the drivers are active on the platform, eliminating the need for annual payments.
- Roojai has collaborated with KPI to launch "CI Focus", a critical illness insurance product. It offers three plans with coverage ranging from THB 500,000 to 2 million. The product is available for individuals aged 18 to 60 years, with the option to renew until the age of 65.
- Sampo partnered with CIMB Thailand to introduce "Cancer Insurance CIMB Thai Easy Care" in June 2023. It is a cancer insurance product which offers three coverage plans: THB 1.1 million, 2.2 million, and 3.5 million. It is available for Thai citizens between the ages of 1 and 60 years old.

#### COVID-19

- In our previous newsletter, we shared the news that the General Insurance Fund (GIF) has been appointed as liquidator for companies whose licenses have been revoked. As of March 2023, the GIF has approved COVID-19 claim payments totalling THB 3.5 billion to 43,354 creditors of the four shut-down companies (Asia, The One, Southeast and Thai Insurance).
- In March 2023, the Office of Insurance Commission (OIC) revoked the licenses of five non-life insurance brokers due to their fraudulent sales of COVID-19 Lump Sum Insurance (Jer Jai Jop).
- The Central Bankruptcy Court granted Syn Mun Kong Insurance (SMK) an extension of one month to submit its rehabilitation plan, with the new deadline set for 25 May 2023. Following the submission, the court will arrange a meeting with the creditors to review and approve the rehabilitation plan, which will be implemented thereafter. At the time of writing, SMK has close to 295,312 creditors and a total debt of THB 29.3 billion.

#### DISTRIBUTION CHANNELS

- Generali has formed a partnership with Kiatnakin Phatra Bank to expand its distribution channels. Through the collaboration, three insurance products, namely KKPGen Preferred Health, Simply E-Cancer and KKPGen PA One, will be made available for purchase on the KKP Mobile application. This partnership aims to provide customers with convenient access to a range of insurance offerings.
- Sky ICT, the IT provider behind the Sawasdee by AoT application, has joined forces with Muang Thai Insurance to provide travel and accident insurance options within the app. The app offers three policies:

"Muang Thai Happy Trip" for international travel insurance, "TA Pun Suk" for domestic travel insurance and "PA Your Happy" for accident insurance.

- KTC, a credit card provider, has introduced "KTC Insure+", an online platform that offers insurance products from both life and non-life insurance companies.
- Thaisri Insurance (now Ergo Insurance), TQMalpha, an insurance broker, and TQR, a reinsurance broker, have collectively signed an agreement to collaborate on business development. The collaboration aims to drive growth across the three companies, diversify their insurance offerings, facilitate new product development and explore reinsurance opportunities.
- Dhipaya has entered into a memorandum of understanding with O Capital, a lending company, to offer loans to Dhipaya's motor insurance customers. The loans are specifically available to customers who purchase insurance through Dhipaya's affiliated agents and brokers.

#### INSURTECH

- In January 2023, Eazy Digital, an insurtech startup, has successfully raised USD 850,000 in an oversubscribed seed funding round. The round was led by Wavemaker Partners, with participation from Seedstars International Ventures, Wing Vasiksiri and Sasin Bangkok Venture Club. The funds will be utilised for product development, marketing initiatives, expanding the client base, and team expansion.
- Bolttech, an insurtech company, has teamed up with AIS, a mobile network operator, to offer embedded protection services as part of the AIS Care+ programme. This programme enables customers to exchange their smartphones and tablets for different brands, colours or models, with additional fees. The programme also includes a screen replacement service.
- In March 2023, Qoala, a Southeast Asian insurtech company, has acquired FairDee, a Thai insurtech startup, as part of its expansion into the Thailand market.
- In March 2023, Roojai secured USD 42 million in a Series B funding round led by HDI International, the international retail insurance division of the German Talanx Group.
- In June 2023, iiG, a digital and technology consulting firm, established a subsidiary "iiV" with a primary focus on designing and developing digital insurance solutions along with an operating system powered by artificial intelligence (AI) for insurance businesses. Its flagship product, "Moverse", is a versatile platform for motor insurance that streamlines the sales process, car inspection and claim management. The first feature launched in Moverse is AI-assisted car inspection through photo submissions. Insurance companies and brokers can create and send a link for inspection to

customers and surveyors via SMS, enabling them to capture photos using a web browser. The AI technology ensures accurate and high-quality images for precise evaluation, including damage assessment and cost estimation. This platform aims to reduce travel costs and time in the car inspection process. It offers customisation options for its users (e.g., insurance companies and brokers), with a pay-per-use pricing model.

## RICE AND MAIZE INSURANCE

- In March 2023, the government approved the crop insurance scheme for production year 2023 with a budget of THB 1.65 billion for rice insurance and THB 224 million for maize insurance. The scheme is structured into two tiers: Tier 1 (Basic plan) and Tier 2 (Voluntary plan), maintaining the same format as the scheme implemented in 2022. The premium rates are tailored to the degree of risk inherent in different agricultural regions.

## OTHER INSURER INITIATIVES

- KSK Insurance underwent a rebranding and adopted the new name "Sunday Insurance" in April 2023.
- Dhipaya Takaful has been officially granted the Halal status by the Central Islamic Council of Thailand to provide insurance cover adhering to Islamic principles. This is an essential step in obtaining the Product Standard Certificate for Export of Halal-branded Products to Saudi Arabia (SASO CoC). At the time of writing, Dhipaya Takaful is the only takaful operator in Thailand.
- Tune has collaborated with Aktivo Labs to introduce a new feature called "Pump" in its TuneTOUCH application. This feature tracks users' daily activities to earn reward points. Pump consists of three functions: exercise and sleep tracking, nutrition and dietary fiber calculations as well as mental well-being activities. Users can monitor their exercise and sleep, receive nutrition recommendations as well as engage in meditation and relaxation exercises through the application.
- Blue Venture Group (BVG), a provider of insurance platform solutions, has announced a strategic partnership with a Cambodian reinsurance company to establish an insurtech joint venture set to commence operations in the second half of 2023. The joint venture aims to offer third-party administrator services, including medical benefits and claims management, along with consulting services.
- Generali has partnered with Talend, a data solutions provider. This collaboration aims to enhance Generali's data management capabilities and improve customer experiences. The partnership will leverage Talend's technology to optimise data processing and analysis, ultimately benefiting Generali's operations and services.
- In Q1 2023, Dhipaya Insurance partnered with Flash Express, a logistics company, to offer reciprocal

discounts. Dhipaya provided a 15% discount on insurance products for Flash Express's customers, while Flash Express offered a THB 30 discount to Dhipaya's customers.

- Thaivivat, aiming to enhance its business expansion and investment flexibility, intends to restructure its shareholding into a holding model. This involves listing Thaivivat Holding (TVH) on the Stock Exchange and delisting Thaivivat Insurance (TVI) stock. The focus of the company will be divided into two groups: insurance business and non-insurance business. The non-insurance segment will involve strategic investments in businesses that can support the insurance operations and offer high returns.
- Dhipaya has formed a collaboration with NT, a telecom company, to explore opportunities for joint marketing activities.

## MERGERS AND ACQUISITIONS (M&A)

- Siam Smile, a broker company, purchased shares of Genie Insurance. Genie Insurance will adopt the name "Siam Smile Insurance" starting from late July 2023.
- Roojai has acquired FWD General Insurance from Bolttech. This acquisition will increase Roojai's market share and grant them a license to underwrite general insurance products.

## KEY APPOINTMENTS

- In April 2023, Somporn Suebthawilkul, the Managing Director of Dhipaya Insurance, was appointed as the President of Thai General Insurance Association (TGIA).
- In May 2023, Arsh Kaumi was appointed as the Country Manager of Generali Thailand and CEO of Generali Life.
- Teeravuth Suthanaseriporn has been appointed as the Managing Director of Indara Insurance, starting from 1 May 2023.

## REGULATORY UPDATES AND INITIATIVES

- In January 2023, the OIC addressed the topic of "How to promote the private health insurance system in Thailand" during the Annual Thailand Insurance Medical Academic Conference 2023. Some key points discussed were as follows:
  - From the consumers' perspective, the main concerns regarding health insurance include high premiums, insurance renewal rejections by insurers, limited access to health insurance for the elderly and ensuring the financial stability of insurance companies that underwrite long-term health insurance.
  - On the other hand, insurers are facing challenges in developing diverse products that can adapt to the evolving medical science, meet consumer needs and mitigate risks associated with new diseases.



- To address these issues, the OIC has outlined five short-term initiatives aimed at enhancing the private health insurance system:
  1. Establishing a clear working framework for the product governance committee.
  2. Developing and refining new health standard insurance contracts.
  3. Creating health insurance products specifically tailored for the elderly.
  4. Promoting Insurance Regulatory Sandbox as well as Product Innovation and Tailor-Made Sandbox.
  5. Appointing a medical consultation team within the OIC.
- Effective from 24 January 2023, the OIC has implemented new regulations regarding claim payment periods for both life and non-life insurers. The key highlights of these regulations are as follows:
  - Removal of redundant provisions present in other regulations.
  - Introduction of digital methods for announcing claim results, replacing traditional offline announcements.
  - Clarification on the starting point for counting the claim payment period.
  - Non-life insurers are required to settle claims within 15 days after receiving all necessary documents, in cases where the company has not specified the process and timeline for claim payment.
  - Amendments to claim payment rules concerning fraudulent cases.
- In March 2023, the OIC has introduced a project called “1 OIC Subsidiary 1 Insurance Product”, aimed to foster the development of tailored insurance products that address the specific needs and risks of individuals in different regions. Several initiatives have been implemented as part of this project, including:
  - **Cholangiocarcinoma insurance:** This insurance is designed for people residing in the northeast region, where there is a high incidence of cholangiocarcinoma due to dietary factors. This insurance policy offers a lump sum payout in the event of a diagnosis, with the coverage amount based on the individual's selected sum insured. Thaivivat Insurance is the underwriter behind this scheme and the starting premium is THB 250 per year for a coverage of THB 100,000.
  - **Rubber insurance:** This insurance is designed for southern provinces as rubber plays a vital role in the region's economy. The product is applicable to rubber trees aged between 7 and 26 years and provides protection against major natural disasters such as fire, floods and storms. The premium for this insurance is THB 99 per Rai, while the sum insured is set at THB 1,600 per Rai. The insurer under this scheme is Dhipaya.
  - **Lava Durian Sisaket insurance:** This insurance is customised for Sisaket province, which is known for its high production of Lava Durian. This insurance offers three plans based on the age of the durian trees: 3 years or older, 5 years or older, and 10 years or older. The premium rates for these plans are THB 25, THB 175, and THB 350 per tree, respectively. The coverage provided by this insurance encompasses a range of risks, including damages caused by storms, hail, floods, fire, lightning and wildfires, as well as damages caused by animals, insects or even insured family members.
  - **Sugarcane insurance:** Sampo Insurance has partnered with OIC to develop this insurance for Uthai Thani province. Sugarcane is one of the major crops in this province.
- In April 2023, the OIC and the Department of Land Transport formed a memorandum of understanding to introduce a merged system for examining vehicles regarding mandatory motor insurance. The initiative aims to promote wider adoption of Motor Compulsory and streamline the purchasing process.
- In May 2023, the OIC officially launched the E-Arbitration system, a comprehensive digital platform that streamlines the entire arbitration process, after the announcement in the second half of 2022. The system facilitates the submission of petitions and objections, collateral management, arbitrator selection, case evaluation, witness investigation and the final verdict. The system enhances data collection and provides an end-to-end solution for all parties involved.

# IFRS 17 – Milliman Survey

## BACKGROUND

- International Financial Reporting Standard (IFRS) 17 will be introduced in Thailand as Thai Financial Reporting Standard (TFRS) 17 and will require (re)insurers to overhaul their IT, accounting and actuarial models as well as systems to be compliant to the standard. OIC has set 1 January 2025 as the deadline for IFRS 17 implementation.
- In June 2023, Milliman conducted an industry-wide survey covering 17 Thai general insurers and reinsurers responding on their IFRS 17 implementation progress and challenges. We have outlined some key findings below.

## PROGRESS

FIGURE 1: LEVEL OF PREPAREDNESS FOR IFRS 17

- No activity
- Request For Proposal (RFP) activities underway
- Gap analysis underway
- Implementation project underway

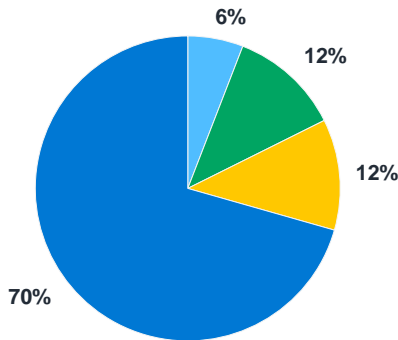
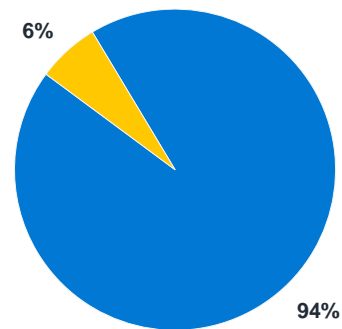


FIGURE 2: GO-LIVE DATE OF 1/1/2025 FEASIBLE?

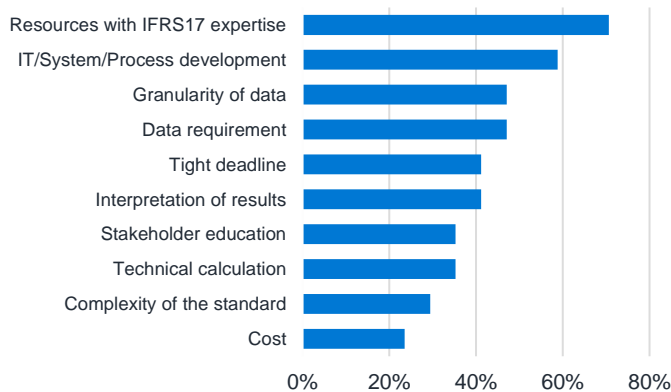
- Yes
- No - 1 Jan 2026



- 82% of respondents have commenced on IFRS 17 preparation. Among these respondents, 50% of them are planning to conduct and complete dry runs by the first half of 2024 while 29% of them have already completed this exercise.
- On the other hand, the remaining 12% and 6% of respondents are still in the request for proposal (RFP) stage and have not done anything, respectively. Based on our experience, they would need to start immediately, and the overall project would need to progress according to plan. Delays or unexpected challenges may impact their ability to meet the regulatory deadline.
- Most of the respondents (94%) believe that they will be able to go live on 1 January 2025.

## CHALLENGES

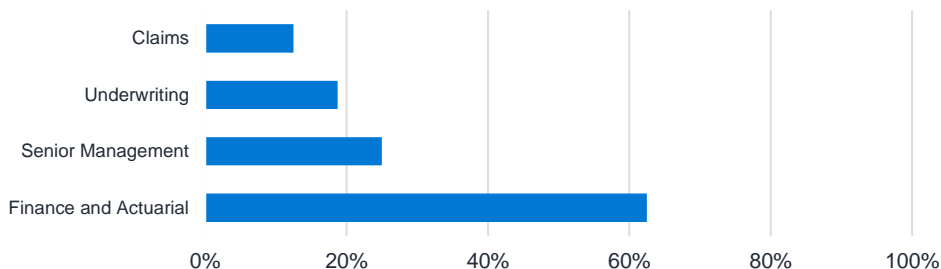
FIGURE 3: MAIN CHALLENGES ON IFRS 17 IMPLEMENTATION



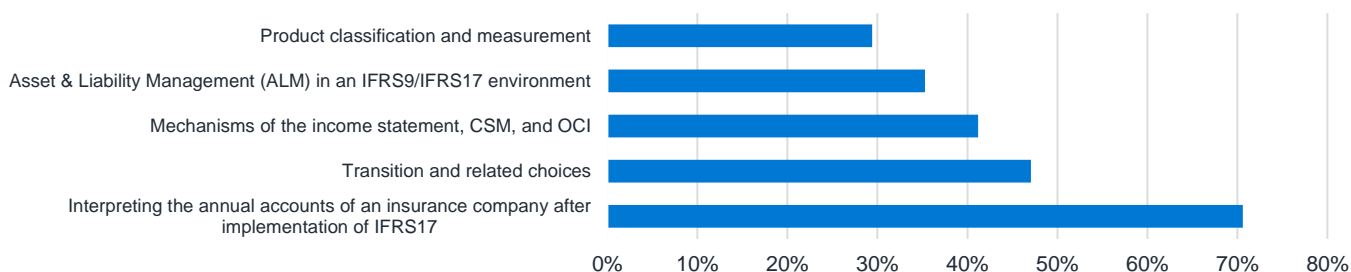
- Approximately two-thirds of companies identify the lack of internal or external IFRS 17 expertise as their primary challenge in implementing the new accounting standard. The complexity of the IFRS 17 standard and technical calculations as well as the need for additional data granularity and management contribute to this difficulty. Furthermore, the demands of new IT/system/process development arising from the additional data necessitated by IFRS 17 also pose challenges for many companies.
- In addition, nearly 40% of the survey respondents express concern about interpretation of IFRS 17's result, which might be influenced by the need for additional understanding of the standard among stakeholders.

## TRAINING AND EDUCATION

**FIGURE 4: STAKEHOLDERS WITH GREATER UNDERSTANDING IN IFRS 17**



**FIGURE 5: AREAS OF ADDITIONAL TRAINING REQUIRED**



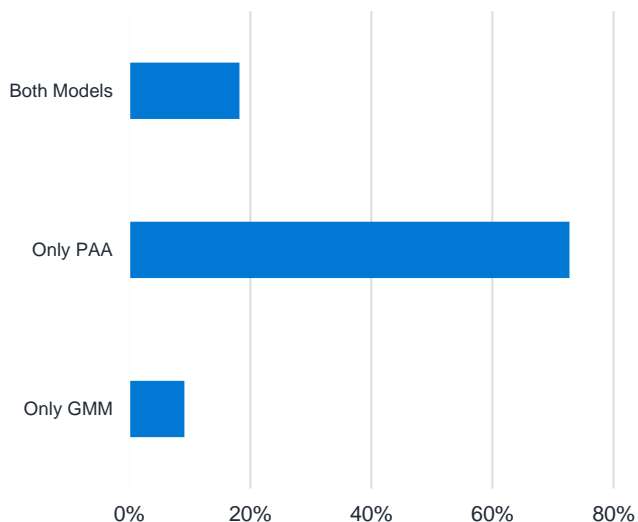
\*Note: An input of greater than 50% understanding in IFRS 17 is defined as "Greater Understanding."

- As expected, the finance and actuarial staff possess the highest level of IFRS 17 knowledge amongst the key stakeholders, with almost 65% of respondents believing they have an understanding level of greater than 50% on the subject matter (see Figure 4). However, 80% to 90% of the respondents also agree that the claim and underwriting staff do not have a greater understanding of IFRS 17 and the level of understanding amongst senior management is only perceived to be slightly better than this.
- A lack of awareness and comprehension of IFRS 17 could lead to unnecessary roadblocks and delays in an already tight implementation process, indicating the need to accelerate IFRS 17 training across all layers of personnel before the process begins in earnest.
- Referring to Figure 5, around 70% of the respondents have said that they will require training on interpreting the annual accounts of insurance companies after implementation of IFRS 17, while less than one-third have said they will require training on product classification and measurement.

### KEY TECHNICAL ASSUMPTIONS

Findings from this subsection are limited to respondents who have at least started on their gap analyses.

FIGURE 6: EXPECTED IFRS 17 MODELS



- For general insurers, the level of complexity faced during implementation will also be highly dependent on the choice of measurement model used, with the General Measurement Model (GMM) requiring a more robust setup, data system and IFRS 17 engine compared to the Premium Allocation Approach (PAA).
- Based on the respondents who have decided on the model used (79% of total), 73% expect to adopt the PAA model across all lines of business whereas 9% expect to use the GMM model for all lines of business. The remainder will utilise both models.

FIGURE 7: DISCOUNT RATE METHODOLOGY

■ Top-down ■ Bottom-up ■ Undecided

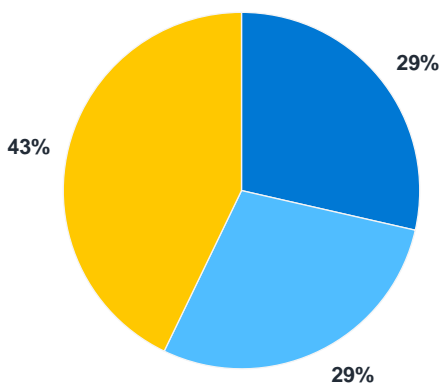
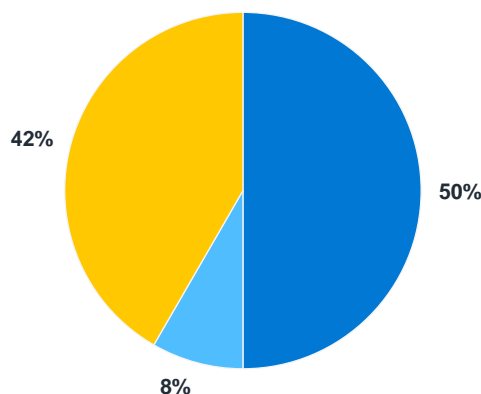


FIGURE 8: TO USE THE OTHER COMPREHENSIVE INCOME (OCI) OPTION?

■ Yes ■ No ■ Undecided



- More than half of the respondents stated that they have not determined the process to derive the discount rates, i.e., they have not chosen between the top-down and bottom-up approaches (refer to Figure 7). Of those who have determined an approach, there does not appear to be a strong preference for either the bottom-up or top-down approaches.
- Referring to Figure 8, 42% of the respondents have yet to decide on whether to present historical changes in insurance liability amounts in Other Comprehensive Income (OCI) as well as retained earnings at transition. For those who have decided, most of them will exercise the OCI option. Exercising the option will allow (re)insurers to split the impact of discounting into the insurance finance expense component (which is a part of retained earnings) and the OCI component.



FIGURE 9: RISK ADJUSTMENT METHODOLOGY

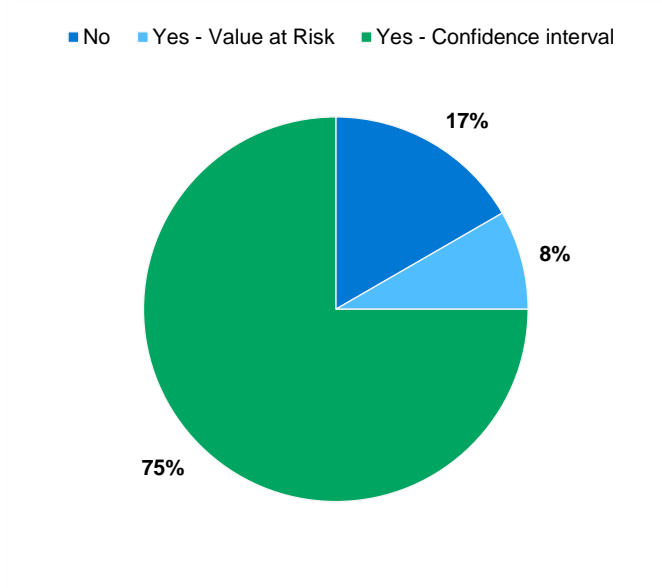
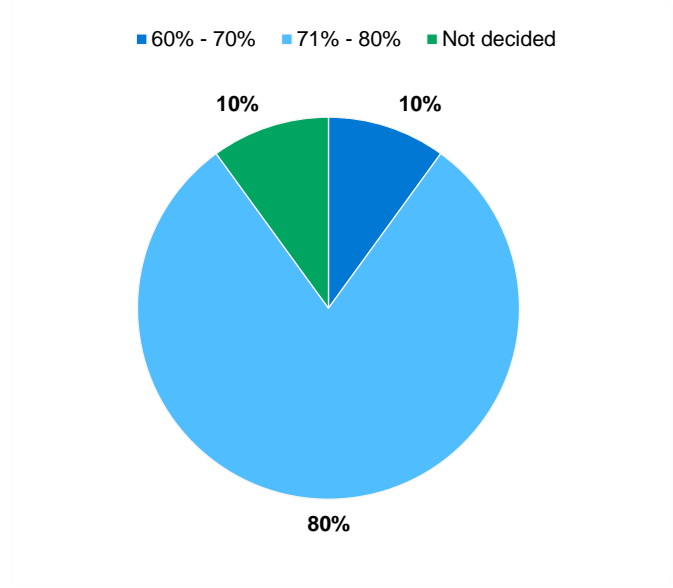


FIGURE 10: PREFERRED CONFIDENCE LEVEL FOR RISK ADJUSTMENT



- Approximately 80% of respondents have determined the methodology for deriving the risk adjustment (see Figure 9). Among these respondents who have determined their risk adjustment methodology, a large majority of them are choosing a confidence level range of 71% to 80%.
- Despite the flexibility provided by the IFRS 17 standard for selecting the confidence level of the risk adjustment, choices among respondents remain aligned with the existing OIC risk margin prescription, which ensures compliance with the current regulations in the market.



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