

Thailand in focus

What's new in Non-Life

MARCH 2023 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 2022 to 31 December 2022.

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:

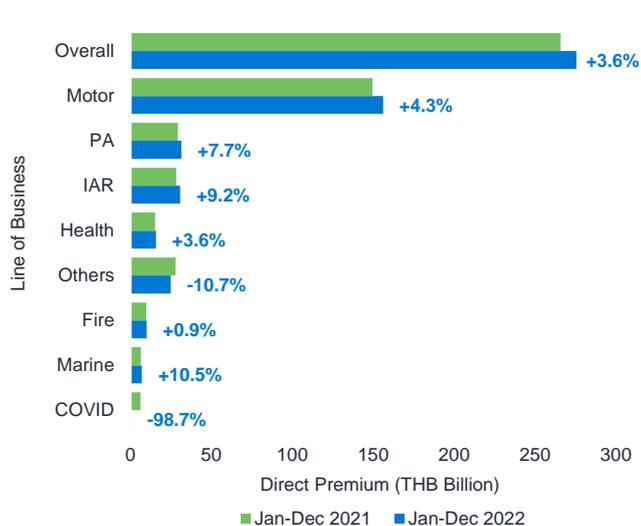
[August 2022 Edition](#)

[February 2022 Edition](#)

Market performance

INDUSTRY GROWTH AT DECEMBER 2022

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 was about a 3.6% increase in direct premiums from 2021 to 2022. Positive growth is observed across almost all lines, except for Others and COVID-19 products.
- Fire premiums declined in the first half of the year (H1) but recovered in H2, resulting in a full-year growth of 0.9%.
- Similar to the first half of 2022, Motor premiums continued to grow while the market share controlled by the top five players remained broadly unchanged.
- While COVID-19 premiums plummeted due to the suspension of new business, travel insurance premiums went up by 108% from 2021 as a result of the lifting of travel restrictions worldwide.
- The Thai market has not been spared by the worldwide hardening of reinsurance rates. Non-proportional reinsurance rates have increased significantly, especially for the property lines. Proportional covers have been renewed at less favorable terms.
- As at Q3 2022, the net combined ratio of the market surged by approximately 34 percentage points, mainly due to unfavorable experience coming in personal accident (PA) and health insurance that included some COVID-19 coverage.

INDUSTRY PERFORMANCE AT Q3 2022

FINANCIALS (IN THB BILLIONS)	Q3 2021	Q3 2022	% CHANGE
DIRECT PREMIUM	178.5	189.4	6.1%
NET EARNED PREMIUM	130.3	135.5	4.0%
COMMISSION INCOME	13.3	14.4	8.6%
SUBSIDY INCOME	1.3	1.3	2.7%
TOTAL INCOME	144.8	151.2	4.4%
NET LOSS INCURRED	91.0	140.5	54.5%
NET COMMISSION AND BROKERAGE	25.1	26.6	6.1%
UNDERWRITING AND OPERATING EXPENSE	33.9	35.4	4.5%
TOTAL OUTGO	149.9	202.5	35.1%
UNDERWRITING PROFIT	-5.1	-51.3	908.5%
RATIOS (%)	Q3 2021	Q3 2022	DIFFERENCE
NET LOSS RATIO	69.8%	103.7%	33.9%
EXPENSE RATIO (INCLUDING COMMISSION)	34.1%	34.2%	0.1%
EXPENSE RATIO	25.0%	25.2%	0.1%
NET COMMISSION RATIO	9.1%	9.0%	-0.1%
NET COMBINED RATIO	103.9%	137.9%	34.0%

Source: The Insurance Premium Rating Bureau (IPRB).

Market news

NEW PRODUCTS

- Thaivivat has expanded its domestic travel insurance coverage by providing additional protection for pets. The additional coverage includes veterinary expenses and compensation for loss of the pet's life while traveling on a plane for up to THB 30,000. For "On-Off" policyholders, Thaivivat provides additional coverage "Pet Plus" for pets traveling by car for up to THB 10,000. This additional coverage is available on special flights "Pet on Board" with Nok Air.
- AXA Insurance launched a health insurance product called "Hello Health," which provides coverage on accident, acute respiratory infections, acute gastrointestinal infections other acute infectious diseases, as well as infectious diseases caused by insects or animal bites.
- TMB Thanachart (TTB) introduced "TTB Motor Warranty," an extended warranty insurance which covers 18 vehicle spare parts groups or 311 equivalent items after the car manufacturer warranty has lapsed. This product is underwritten by Dhipaya.

- Generali partnered with Kiatnakin Phatra Bank to sell PA products, "KKPGEN PA One" and "KKPGEN Preferred Health", via the bank's mobile application "KKP Mobile." KKPGEN PA One targets teenagers and working adults. With a premium of THB 5 per day, policyholders receive a coverage of THB 600,000 for general accidents and THB 1.2 million for public accidents, along with medical expenses due to accidents up to THB 20,000 each time.

ELECTRIC VEHICLES (EV)

- In 2021, Thailand had a higher adoption rate for EVs than India (0.5%), Malaysia (0.3%) and Indonesia (0.1%), accounting for 0.7% of all new passenger car sales. BYD, GWM and Tesla are a few of the well-known EV brands that are expanding into the Thai market. Many insurers have introduced EV insurance in response to the rising consumer demand for EVs.
- In an effort to encourage Thais to adopt EVs, SCB Protect, an insurance broker affiliated to the Siam Commercial Bank (SCB), has joined up with 12 of the industry's top EV partners to launch the "Protection for the Future" campaign in September 2022. The 12 partners span across three broader groups: car rental and sharing services, EV chargers and charging stations as well as car maintenance. SCB Protect has also introduced a new EV insurance that can be purchased through digital channels in conjunction with the promotion. With a cap of up to THB 50,000, it offers additional protection specifically for EV charging stations (wall box) installed at home.
- In November 2022, TTB and Thanachart Insurance (TNI) formed an alliance to penetrate the bancassurance market. The new "Motor 1 Single Rate Judtem" motor insurance offers additional coverage for EV and plug-in hybrid EVs (PHEVs) on top of the usual type 1 coverage, with premiums starting from THB 25,300. Premiums varies only by car model and is independent of common factors like car age, province, etc.
- In December 2022, AXA launched additional coverage for motor insurance, covering EVs and PHEVs. The additional coverage includes accidental damage or loss of charging cable (maximum THB 10,000 per year), accidental damage or loss of home charger (maximum THB 50,000 per year) and third-party liability due to the use of home charger and public EV charging station (maximum THB 1 million per event).

COVID-19

- In July 2022, the Thai General Insurance Association (TGIA) reported that insurance companies discovered more than THB 500 million in fraudulent COVID-19 claims after re-examining the claims-supporting documents. Thousands of policyholders filed for claims using falsified paperwork with fictitious patient data. Due to time constraints, non-life insurance companies that attempted to speed the compensation pay-out during the height of the pandemic were unable to thoroughly

examine all the paperwork, allowing scammers to escape with the insurance money.

- After the closure of Southeast Insurance and Thai Insurance in April 2022, the General Insurance Fund (GIF) has also been appointed as liquidator for these two companies on top of the six companies whose licenses have been revoked. To date, the GIF has paid THB 1 billion of claims out of the THB 60 billion outstanding. The Office of Insurance Commission (OIC) is considering an increase to the insurance companies' contribution from 0.25% to 0.50% of the insurance premium in 2023 to boost GIF's funds.
- Following a directive from the Central Bankruptcy Court in November 2022, the OIC has mandated Syn Mun Kong Insurance (SMK) to correct its financial situation and create a rehabilitation plan. SMK must submit a weekly report to the OIC detailing the status of its rehabilitation effort.

DISTRIBUTION CHANNELS

- In August 2022, Rabbit Care, an insurance broker and financial services provider, announced a Series C funding from Winter Capital, an equity investment firm, and VGI, a media conglomerate. This Series C funding is expected to aid the company's objective of leading the Thai insurance broker market.
- While its competitor Advanced Info Service (AIS) is offering insurance products via the myAIS application, Total Access Communication (DTAC) also entered the market with the dSurance online insurance platform, while True Corporation partnered with FWD Insurance to bundle insurance products with mobile and internet packages.
- Thanachart Capital (TCAP), Holding Company, purchased 100% of TM Broker and rebranded it to T Broker to enter the insurance brokerage market.
- In December 2022, TQM, an insurance broker, introduced flight delay notification in its application, TQM 24. Through this initiative, customers who buy travel insurance with TQM will be able to claim for flight delay benefits instantly and seamlessly.
- Jaymart Insurance cooperated with HIVE by Income, an online insurance platform provider from Singapore, to launch a special campaign offering free PA insurance to J Point members. J Point members can receive free coverage up to THB 50,000 per person over the 30-day protection period when they spend THB 100 or more on goods or beverages at Casa Lapin. Terms and conditions apply.

OTHER INSURER INITIATIVES

- Using artificial intelligence (AI) to create cutting-edge goods and services, Dhipaya Insurance has teamed up with Cariva to enter the health insurance industry. Using a system that links together health data from multiple sources, an initial health evaluation can be conducted using an AI system (AI Symptom Checker). If needed, a specialist doctor can provide guidance on health issues at any time over a telemedicine channel. This system can be used to determine risk-based premium rates for policyholders.
- AXA and DTAC have collaborated to offer special benefits to foreign visitors visiting Thailand. A complimentary DTAC "Happy Tourist SIM," which comes with free 8 GB internet for 24 hours, is given to customers who acquire the AXA Sawasdee Thailand Inbound Travel Insurance.
- FWD introduced a new application called "Omne." Omne is a lifestyle mobile application designed to help customers practice and foster new habits (micro habits). Omne offers a range of goal-based activities, tools and curated content to users. Moving forward, FWD has plans to offer self-service functions for FWD insurance customers within the application.
- In August 2022, Cigna partnered with iSTRONG, a provider of mental health consultations, to offer telehealth mental health consultation services through Cigna's "Cigna Anywhere" application. Cigna policyholders have discounted access to the offline iSTRONG program.

MERGERS AND ACQUISITIONS (M&A)

- In July 2022, COM7, an IT retail company, ventured into the non-life insurance industry after acquiring close to 90% of the shares of Phutthatham Insurance (PTI), paying THB 400 million.
- In August 2022, TIPH, holding company of Dhipaya, bought 80% of the shares of Erawan Insurance. Erawan Insurance will be rebranded and revamped to become a digital insurer called "InsurVerse."
- Thaisri Insurance, a subsidiary of the ERGO group, acquired 75% of Nam Seng Insurance (NSI) from NSI's major shareholders. The acquisition of 75% of the shares in NSI laid the foundation for a future tender offer to delist NSI from the Stock Exchange of Thailand (SET).

KEY APPOINTMENTS

- Generali group appointed Marco Ennilo to be an interim CEO for Generali Group Thailand effective from 15 December 2022.

REGULATORY UPDATES

- To address the impending ageing society, OIC scheduled a meeting in August 2022 to explore health insurance products for seniors. Strict underwriting for elderlies who often have preexisting conditions is a main issue with the current health product. Existing health products are mostly designed to be generic, covering all diseases, but not tailored to cover specific groups of diseases or specific insured groups such as the elderly or children. The possible solutions from this discussion are:
 - Introduction of copayment
 - Specific coverage for selected groups of diseases (e.g., common diseases among elderly)
- In August 2022, the OIC signed a memorandum of understanding with the Central Investigation Bureau to integrate information between the two institutions to make it easier to prosecute suspects in insurance fraud cases and to stop future insurance law violations.
- In September 2022, the OIC collaborated with the governor of Bangkok to launch a campaign to encourage motorbike riders in Bangkok to buy the mandatory Motor Compulsory insurance (MC) by raising awareness of the necessity of this coverage. Bangkok has the most motorbike riders in Thailand. 90% of traffic accidents are caused by motorcycles, yet only 70% of them are covered by MC.
- The OIC is preparing to digitalise the arbitration process by leveraging video conferencing and communicating requests and supporting papers online.
- To address the high cost of EV insurance, particularly as compared to a traditional motor insurance, the OIC met with representatives from TGIA and insurers that supply EV insurance in October 2022. The following are the key takeaways from the discussion:
 - The premiums of Asian EVs, European EVs and American EVs are higher than similar conventional vehicle by 5% to 10%, 10% to 15% and 20% to 25%, respectively.
 - Compared to regular vehicles, EVs frequently require "replacing the whole parts" rather than "fixing," which results in significantly greater costs (30% to 40% higher loss ratios than conventional vehicles, according to experience from abroad).

- The following actions will be adopted in the short run to alleviate the policyholders' burden:
 - First, insurance premiums for EVs will be maintained.
 - If there is damage to the battery and it can be repaired instead of replaced, insurers will be responsible for all the costs.
 - In the event that the battery needs to be replaced entirely due to damage, the insurance will include an endorsement with three options for the policyholders to choose from. In exchange, the insurer will also offer a discount on the premium of between 10% and 25%.
 - Option 1: Set a cap on the battery coverage (no less than 50% of the battery's value).
 - Option 2: Deductible of not more than 15% of battery's value.
 - Option 3: Copayment of not more than 15%.
- The data collection and pricing study of EV insurance will be performed concurrently to arrive at a sustainable solution.



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