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Insurance Outlook 2017 - 2018

11th Edition featuring Insurtech

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Note

In terms of market consolidation, we've seen quite a number of M&A deals in the past year. Although some deals marked a significant expansion, most of them were general market entries and exits. For instance, Bupa Group, QBE Group and IAG Group exited the Thai market by selling their businesses to Aetna Group, King Wai Group, and Tokio Marine Group, respectively. The number of actual transactions that took place to consolidate market share and strengthen capabilities among existing players remains low. Players without any presence in Thailand are expected to enter the market via acquisition of attractive targets or potential collaborations.

With regard to new entries from off-shore operators, regulators have sent positive signals by welcoming foreign investors and allowing companies to apply to have a shareholding structure in which foreign shareholding exceeds 49 percent. However, we have not yet seen any successful cases and it remains to be seen which operator will be first to qualify for such opportunity.

In the regulatory landscape, consumers have taken center stage. Revised regulations, including both draft insurance act related to the intermediaries requirement and subordinate regulations, have been geared toward enhancing the protection of the general public and policyholders. For example, insurance companies are obligated to incorporate and promote a corporate culture of treating customers fairly. They are also required to designate an individual to internally monitor and ensure strict adherence to such policies. In addition, there is a greater level of scrutiny and stricter enforcement can be expected following the introduction of the new enterprise risk management regime, and the new draft regulation governing sales of insurance products.

Additionally, the EU's adoption of the General Data Protection Regulation and the up-coming Thai Data Privacy Protection Act could substantially and directly impact insurance companies. It is expected that existing insurance regulations and laws will be revised to incorporate the concept of data privacy. Insurance companies are urged to carefully study the data privacy law, to ensure that adequate measures can be put in place and that their practices comply with such laws.

Lastly, the most notable movement within the insurance market in recent years is Insurtech. However, since Thailand's ecosystem is not yet fully developed, Insurtech in Thailand is still limited to insurance companies, especially international brands, either developing their own technology in-house, or acquiring start-ups with specific technological expertise (the options available in the market are still quite limited and not very attractive). As a result, we don't foresee much disruption to the Thai insurance industry yet, but insurance operators still need to pursue innovative product offerings in order to compete effectively.

Changes in the insurance industry are taking place and will eventually transform the sector. These changes will create opportunities for insurance companies, brokers and agents — changing the way they engage with consumers through technology. It can also create opportunities for regulators, by allowing them to monitor the market more efficiently. In order to reap these benefits, regulators will have to balance the competing interests of supporting innovation and protecting the general public. Regular dialogue between regulators and insurance companies is encouraged so that industry regulations are reasonable and fair to all players in the market.

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Introduction to

AP Insurance Blog

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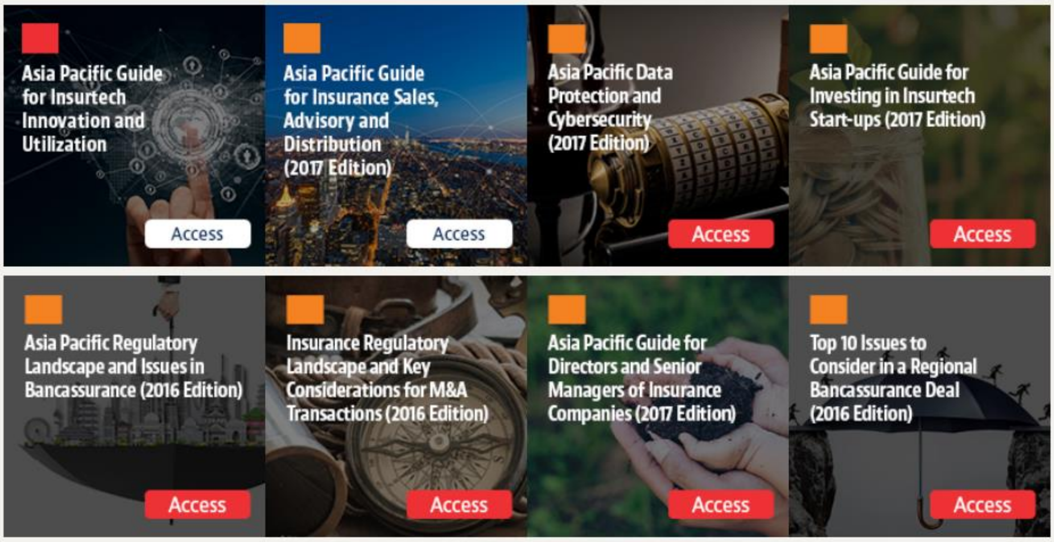
However, we also realize that the insurance industry is undergoing change at an accelerated pace, with Asia's fast-growing economies and regulatory developments, and so we have invested our resources in putting together a range of online tools and kits, across an extensive range of topics, to help you navigate through the evolving insurance industry - our AP Insurance Toolkit (which can be found here: https://apinsurance.bakermckenzie.com/ap-insurance). In the toolkit, you can do a simple comparison search between jurisdictions or find out more detailed answers to your specific questions. Here are some of the featured products from our Baker McKenzie AP Insurance Toolkit, under the "Asia Pacific Insurance" tab.



(Baker McKenzie's Asia Pacific Insurance Blog)

In the "Insight" tab, you will find publications on insurance news for all the jurisdictions, which are produced and publicized by our local Baker McKenzie offices throughout the region. Our Asia Pacific Insurance Newsletter is published regularly to keep you up-to-date with the latest changes. If you wish to contact any of our local offices, please refer to the "People" tab where you will find key contacts for each jurisdiction or simply contact our Bangkok office so that we can refer you to the appropriate Baker McKenzie team.

Industry

Overview

Overview of the life insurance industry in 2017

Thailand's life insurance industry grew 5.89 percent from 2016. This growth largely resulted from the recent government policy that allows policyholders to use life insurance premiums and health insurance premiums as personal income tax deductions, as well as a growing interest in investment, which has led policyholders to opt for unit-linked products. In addition, an increase in competition among life insurance companies has promoted the development of new insurance products and distribution channels. For example, we have seen an increased use of technology to support insurance operations and transactions through electronic channels.

In terms of investment, the life insurance companies are still investing in both private equity and government bonds, and have recently expanded their investment activities to investing in foreign countries in order to diversify risk and get better returns.

The penetration rate of life insurance in Thailand is relative low and it is expected that in 2018, the life insurance industry will grow by 4–6 percent, with agencies and bancassurance continuing to be the most common distribution channels. As we enter the digital era, technology will play an increasingly prominent role in the insurance industry; for example, technology enables insurers to sell insurance products through digital distribution channels. However, the industry's growth may be affected by several factors, such as changes to mortality tables, and the increased rigidity of the Office of the Insurance Commission (OIC) in regulating insurance products and agencies.

Overview of the non-life insurance industry in 2017

Thailand's non-life insurance industry has experienced a steady growth at below 2 percent a year since 2014. In 2017, the Insurance Premium Rating Bureau projected that non-life insurance premiums would grow by 1.4 percent – 1.8 percent. This projection took into account the OIC's de-tariffication measures, including the reduction of motor insurance premiums for car owners who have installed CCTV in their vehicles, and a revision of the fire and industrial risks tariff.

The non-life insurance market is relatively saturated, causing premium price competition among players. This is especially the case for premium prices in the industrial all-risks insurance sector, which has been extremely low, resulting in tighter profit margins and higher loss ratios. The sector that has been most affected by an increase in competition is the motor insurance, which makes up more than 60 percent of the non-life insurance market.

The digital trend was also an important factor in 2017. Like other countries, Thailand has been affected by cyber threats. Spotting this opportunity, some non-life insurers have started to offer policies that protect policyholders from cyber harm. As of June 2017, seven insurers have received approval from the OIC to sell cyber insurance products. In addition, the OIC has also launched the "Insurance Bureau System," the industry's central database, in which non-life insurance companies can share information and use such information to improve their management of risks, and determine the premium and indemnification rates. It is expected that this system will improve industry operations and make insurance companies more competitive in the international market.

In 2018, the OIC expects that non-life insurance will grow by approximately 3 percent. The key factor for growth is the commencement of giant infrastructure projects, which will need non-life insurance to cover the risks from construction. Nevertheless, automobile insurance will remain the biggest sector in this industry, and premium prices will stay relatively low.

Insurance

Business Performance

Performance of life insurance companies in 2017

Market share of direct premiums: Life insurance sector

- AIA remains the leader in the life insurance market despite its market share having dropped slightly.
- Other life insurance companies have largely maintained their shares of the market, with Krungthai AXA Life, FWD Life Assurance, and Prudential Life Assurance having positive growth.

		(Unit: THB 1,000)				
		2017		2016		Growth rate (%)
Rank	Company	Direct premiums	Market share (%)	Direct premiums	Market share (%)	
1	AIA	112,174,777	19.64	109,872,117	20.03	2.10
2	Muang Thai Life	101,519,375	17.78	96,082,030	17.51	5.66
3	Thai Life Insurance	81,560,869	14.28	79,771,421	14.54	2.24
4	Krungthai AXA Life	59,338,962	10.39	54,393,623	9.92	9.09
5	SCB Life Assurance	49,514,380	8.67	52,724,094	9.61	(6.09)
6	Bangkok Life	42,810,543	7.50	42,494,407	7.75	0.74
7	Allianz Ayudhya Assurance	31,442,117	5.51	30,416,000	5.54	3.37
8	FWD Life Assurance	21,101,422	3.69	19,228,343	3.51	9.74
9	Prudential Life Assurance	18,228,328	3.19	17,637,568	3.22	3.35
10	Ocean Life Insurance	12,845,681	2.25	12,710,154	2.32	1.07

Source: The Office of the Insurance Commission's website (2018). Table 3: Market Share of Direct Premiums – Life Insurance Business 2017

Direct premiums based on type of insurance

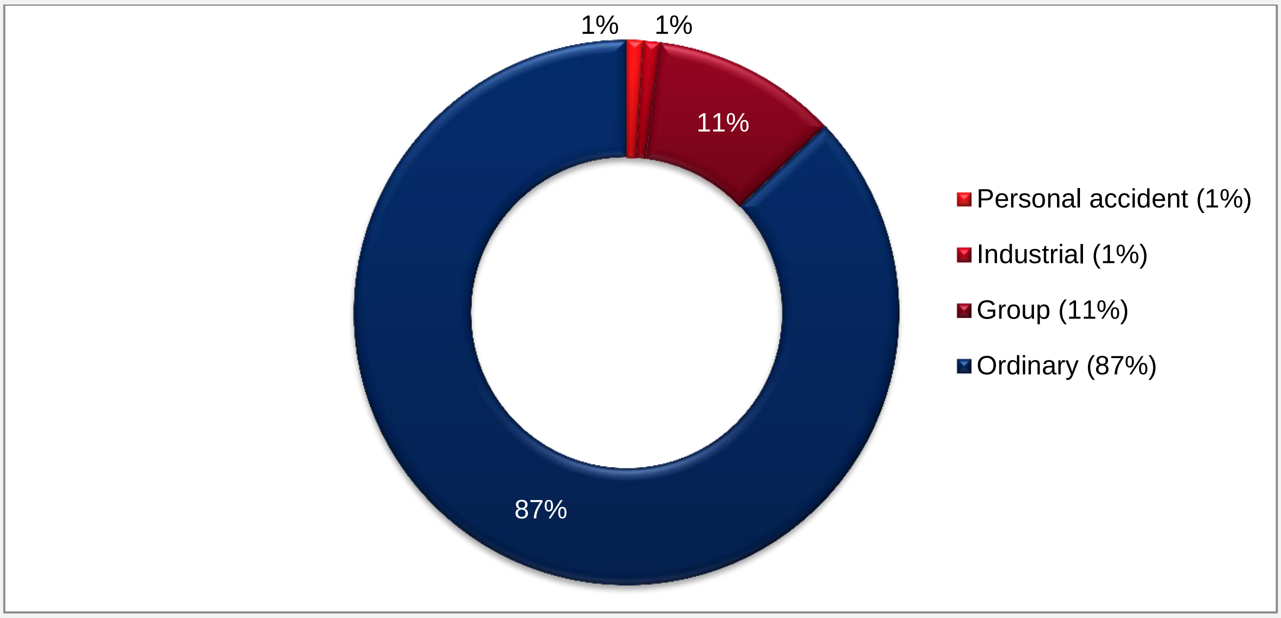
- Overall, Thailand's life insurance market has expanded by 4.11 percent from 2016. Total direct premiums were at Baht 571.12 billion, with the largest proportion collected from ordinary life insurance.

- Direct premiums from industrial insurance and from personal accident insurance continue to decrease.

Type of insurance		Direct premiums (Unit: THB 1,000)			
		2017	2016	Increase/(decrease) (%) (2016 - 2017)	Increase/(decrease) (%) (2015 - 2016)
1	Ordinary	498,074,659	476,995,982	4.42	3.13
2	Industrial	6,587,603	6,932,514	(4.98)	(4.30)
3	Group	61,349,760	59,327,322	3.41	2.71
	Total	566,012,022	543,255,818	4.19	2.98
4	Personal accident	5,105,990	5,333,253	(4.26)	(5.99)
Grand total		571,118,012	548,589,071	4.11	2.88

Source: The Office of the Insurance Commission's website (2018). Table 3: Market Share of Direct Premiums – Life Insurance Business 2017

Direct premiums received from different types of insurance in 2017



Performance of non-life insurance companies in 2017

Market share of direct premiums: Non-life insurance sector

- The market is still led by the same top four non-life insurance companies as last year.
- With significant growth of 62.49 percent, Chubb Samaggi Insurance made its debut in the top 10 in 2017. It now ranks sixth in the non-life insurance sector.

		(Unit: THB 1,000)				
		2017		2016		Growth rate (%)
Rank	Company	Direct premiums	Market share (%)	Direct premiums	Market share (%)	
1	Viriyah Insurance	36,162,961	16.47	33,272,523	15.71	8.69
2	Dhipaya Insurance	19,507,858	8.88	19,921,863	9.41	(2.08)
3	Bangkok Insurance	15,366,510	7.00	15,479,391	7.31	(0.73)
4	Muang Thai Insurance	12,102,960	5.51	12,204,391	5.76	(0.83)
5 (6) ▲	Southeast Insurance	10,411,843	4.74	9,024,341	4.26	15.38
6 (11) ▲	Chubb Samaggi Insurance	9,705,827	4.42	5,973,329	2.82	62.49
7	Safety Insurance	8,985,475	4.09	8,863,815	4.18	1.37
8 (5) ▼	Synmunkong Insurance	8,914,582	4.06	9,024,736	4.26	(1.22)
9 (8) ▼	Tokio Marine Insurance	7,850,477	3.58	7,430,822	3.51	5.65
10 (9) ▼	Thanachart Insurance	7,506,355	3.42	6,420,389	3.03	16.91

Figures in parentheses represent ranking in 2016

Source: The Office of the Insurance Commission's website (2018). Table 9: Market Share of Direct Premiums – Non - Life Insurance Business of 2017

Market share of direct premiums: Automobile insurance sector

- Viriyah Insurance remains a strong leader with its market share accounting for one-fourth of total direct premiums in this sector.
- Southeast Insurance and Thanachart Insurance had impressive growth of 22.77 percent and 18.12 percent, and now rank second and fifth, respectively.

		(Unit: THB 1,000)				
		2017		2016		Growth rate (%)
Rank	**Company**	**Direct premiums**	**Market share (%)**	**Direct premiums**	**Market share (%)**	
1	Viriyah Insurance	32,723,052	25.71	30,267,297	24.77	8.11
2 (4) ▲	Southeast Insurance	8,124,399	6.38	6,617,637	5.42	22.77
3 (2) ▼	Synmunkong Insurance	7,912,272	6.22	8,200,490	6.71	(3.51)
4 (3) ▼	Safety Insurance	7,586,639	5.96	7,186,661	5.88	5.57
5 (7) ▲	Thanachart Insurance	6,405,161	5.03	5,422,630	4.44	18.12
6	Muang Thai Insurance	6,334,217	4.98	6,601,762	5.40	(4.05)
7 (5) ▼	Bangkok Insurance	6,095,246	4.79	6,602,398	5.40	(7.68)
8	LMG Insurance	4,985,038	3.92	5,067,077	4.15	(1.62)
9	Road Accident Victims Protection	4,098,867	3.22	3,809,500	3.12	7.60
10	Tokio Marine Insurance	3,856,416	3.03	3,487,470	2.85	10.58

Figures in parentheses represent ranking in 2016

Source: The Office of the Insurance Commission's website (2018). Table 9: Market Share of Direct Premiums – Non - Life Insurance Business of 2017

Market share of direct premiums: Miscellaneous insurance sector

- Chubb Samaggi Insurance's market share grew by a notable 105.01 percent, and now it is the third biggest player in the sector.
- Other non-life insurance companies have largely maintained their shares of the market, with Mitsui Sumitomo Insurance, Tokio Marine Insurance, and Cigna Insurance having positive growth.

		(Unit: THB 1,000)				
		2017		2016		Growth rate (%)
Rank	Company	Direct premiums	Market share (%)	Direct premiums	Market share (%)	
1	Dhipaya Insurance	14,667,340	19.02	14,491,737	19.55	1.21
2	Bangkok Insurance	7,506,739	9.74	7,075,307	9.55	6.10
3 (5) ▲	Chubb Samaggi Insurance	7,212,263	9.35	3,517,997	4.75	105.01
4 (3) ▼	Muang Thai Insurance	4,404,122	5.71	4,262,505	5.75	3.32
5 (6) ▲	Mitsui Sumitomo Insurance	3,511,370	4.55	3,458,336	4.67	1.53
6 (7) ▲	Tokio Marine Insurance	3,121,701	4.05	3,075,302	4.15	1.51
7 (9) ▲	Cigna Insurance	2,899,714	3.76	2,464,136	3.32	17.68
8	Aetna Health Insurance (name changed from Bupa Health Insurance)	2,865,112	3.72	2,788,066	3.76	2.76
9 (10) ▲	Viriyah Insurance	2,779,002	3.60	2,396,600	3.23	15.96
10 (11) ▲	New Hampshire Insurance	2,064,481	2.68	1,939,470	2.62	6.45

Figures in parentheses represent ranking in 2016

Source: The Office of the Insurance Commission's website (2018). Table 9: Market Share of Direct Premiums – Non-Life Insurance Business of 2017

Direct premiums: All non-life insurance sectors by type of insurance

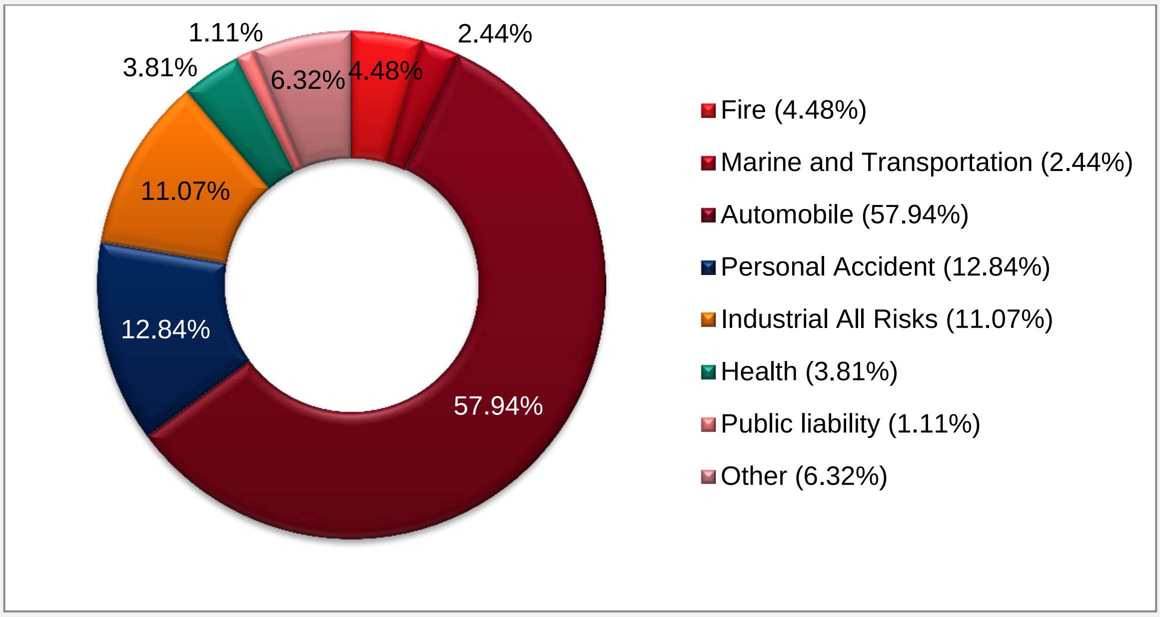
- The non-life insurance market grew by 3.70 percent from 2016.
- The marine and transportation and industrial all-risks and property insurance sectors have picked up from 2016, as premiums increased by 1.67 percent and 2.01 percent, respectively.

Type of insurance		Direct premiums (Unit: THB 1,000)			
		2017	2016	Increase/(decrease) (%) (2016 - 2017)	Increase/(decrease) (%) (2015 - 2016)
1	Fire	9,850,016	10,233,267	(3.75)	(2.40)
2	Marine and transportation	5,355,777	5,267,903	1.67	(1.41)
3	Automobile	127,268,445	122,187,906	4.16	1.46
4	Miscellaneous	77,174,808	74,124,306	4.12	1.50
4.1	Personal accident	28,201,856	26,806,367	5.21	1.89
4.2	Industrial all-risks and property	24,310,304	23,831,821	2.01	(7.45)
4.3	Health	8,359,145	7,681,771	8.82	1.57
4.4	Public liability	2,431,060	2,264,347	7.36	12.84
4.5	Other	13,872,443	13,540,000	2.46	18.78
Grand total		219,649,046	211,813,382	3.70	1.21

Source: The Office of the Insurance Commission's website (2018). Table 3: Market Share of Direct Premiums – Non-Life Insurance Business 2017

- Direct premiums collected in the fire insurance sector continued to decrease.

Direct premiums received from different types of insurance in 2017



Distribution Channels

Outlook

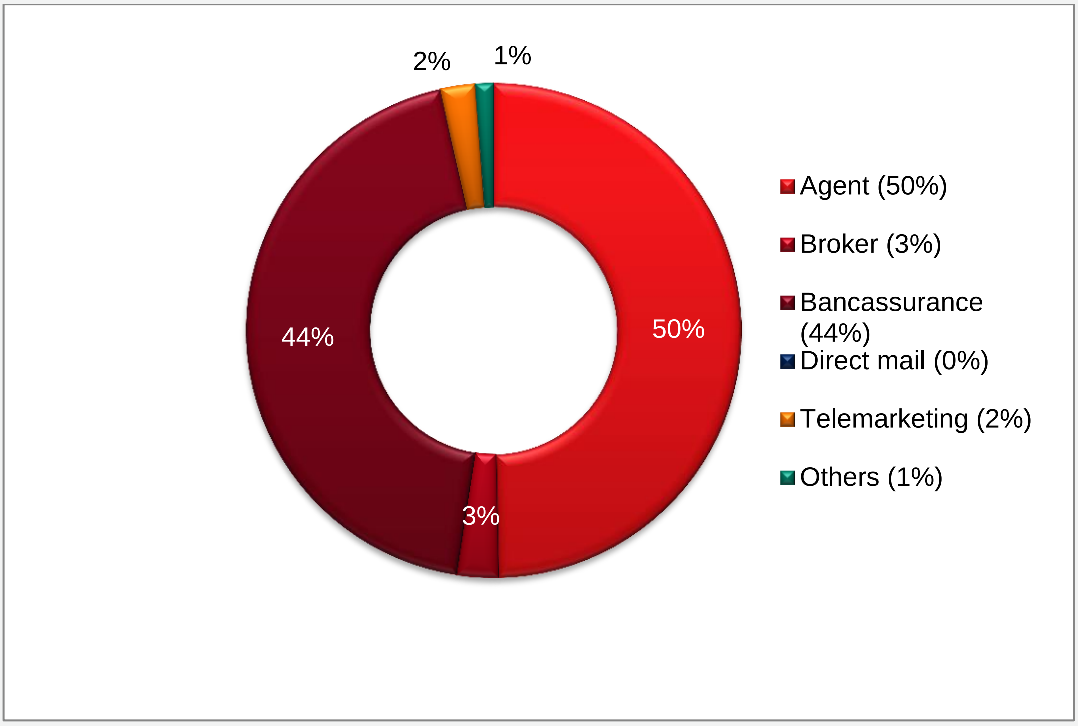
Distribution channels – life insurance sector

- Insurance companies are offering policies through existing distribution channels, with sales through agents and bancassurance being the most used channels at 49.68 percent and 44.12 percent, respectively.
- Sales, based on direct premiums, through agencies, brokerages, and bancassurance channels, have expanded in recent years, while sales via direct email, telemarketing, and other channels have decreased.

Distribution channel	Direct premiums received from different distribution channels (Unit: THB 1,000)				
	2017	2016	2015	Increase/ (decrease) (%) (from 2016 - 2017)	Increase/ (decrease) (%) (from 2015 - 2016)
1 Agent	302,401,241	287,139,710	276,881,749	5.32	3.70
2 Broker	16,627,146	14,664,310	9,500,301	13.39	54.36
3 Bancassurance	268,537,948	243,857,523	227,224,659	10.12	7.32
4 Direct mail	59,745	62,919	67,005	(5.04)	(6.10)
5 Telemarketing	13,887,066	14,463,975	13,902,670	(3.99)	4.04
6 Others	7,152,796	7,431,835	9,887,169	(3.75)	(24.83)
Grand total	608,665,942	567,620,272	537,463,553	7.23	5.61

Source: The Office of the Insurance Commission's website (2018). Report on Life Insurance Underwriting for Each Type of Distribution Channel, http://www.oic.or.th/th/industry/statistic/data/34/2 [online] [accessed 4 May 2018]

Distribution channels for direct premiums in 2017



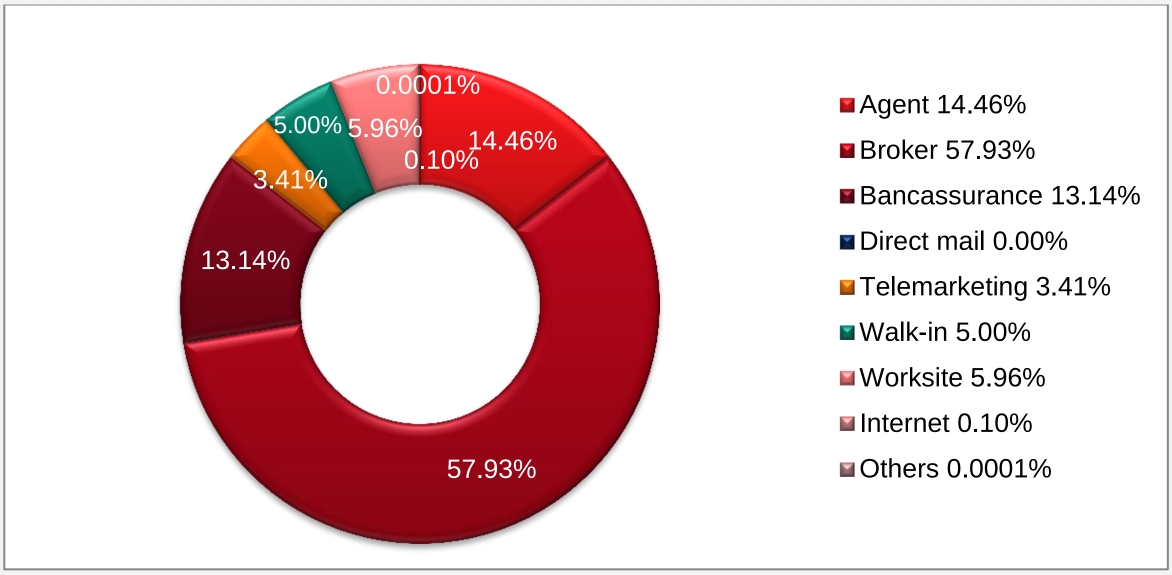
Distribution channels – non-life insurance sector

- Direct mail has ceased to be a distribution channel in the non-life insurance sector, with online distribution (via internet) continuing to show remarkable two-digit growth in recent years.
- Despite the increase in online distribution (via internet), brokerages, agencies, and bancassurance were still the top three distribution channels, at 57.93 percent, 14.46 percent, and 13.14 percent, respectively.

Distribution channel	Direct premiums received from different distribution channels (Unit: THB 1,000)				
	2017	2016	2015	Increase/ (decrease) (%) (from 2016 - 2017)	Increase/ (decrease) (%) (from 2015 - 2016)
1 Agent	31,657,187	34,718,953	30,621,969	(8.82)	13.38
2 Broker	126,800,497	117,588,895	119,227,575	7.83	(1.37)
3 Bancassurance	28,763,268	27,693,230	25,681,104	3.86	7.84
4 Direct mail	0	48	1,442	(100.00)	(96.67)
5 Telemarketing	7,460,457	9,232,949	9,772,182	(19.20)	(5.52)
6 Walk-in	10,939,901	9,808,334	9,680,944	11.54	1.32
7 Worksite	13,040,688	12,629,550	11,993,652	3.26	5.30
8 Internet	211,499	161,870	104,418	30.66	55.02
9 Others	206	94,322	2,392,244	(99.78)	(96.06)
Grand total	218,873,702	211,928,152	209,475,530	3.28	1.17

Source: The Office of the Insurance Commission's website (2018). Report on Non-Life Insurance Underwriting for Each Type of Distribution Channel, http://www.oic.or.th/th/industry/statistic/data/34/2

Distribution channels for direct premiums in 2017



M&A Movements and

Market Trends

M&A updates

The Thai insurance market is viewed as a market with high growth potential. However, despite recent regulatory developments supporting mergers and acquisitions, insurance companies have been slow in taking the initiative. Still, with the Thai economy picking up and the prospect of the next general election, it is expected that more insurance M&A deals will happen in the coming year. Recently, the following M&A deals have caught our attention.

Tokio Marine Group	In recent news, Tokio Marine Group has entered into a definitive agreement to acquire Thailand and Indonesia insurance businesses of Insurance Australia Group Limited that predominantly consist of Safety Insurance Public Company Limited in Thailand. The total consideration is approximately 525 million Australian dollars (approximately Baht 1.27 billion Thai). The transaction enables Tokio Marine to be among the top three P&C insurers in Thailand with the second highest market share in motor insurance.
King Wai Group (Thailand) Public Company Limited	King Wai Group (Thailand) Public Company Limited ("**KWG**") was successful in its bid for 98.24 percent of shares in QBE Insurance (Thailand) Public Company Limited ("**QBE**"), at the purchase price of Baht 815 million. KWG hopes that the acquisition will help reduce its operating cash fluctuation in the long run, and the acquisition of QBE - a member of QBE Insurance Group, which is Australia's largest insurer and one of the world's top 20 general insurance and reinsurance companies, will compliment KWG's existing real estate development line of business. The KWG-QBE deal is underway and is expected to be completed this year.
Aetna	In late July 2017, US-headquartered global health care benefits provider, Aetna, acquired the Bupa Group's Thai business, Bupa Thailand for an undisclosed sum. Established over 30 years ago, Bupa Thailand was the country's leading specialist health insurer, with more than 300,000 members and a network of over 400 health care providers in the country. The acquisition will significantly increase Aetna's presence in Asia, and is key to the company's strategy to go 'broader and deeper' into local health care markets.

Trends to look out for

Thailand's insurance industry has not yet matured, with its penetration rate as low as 5.5 percent as of August 2017.[1] This shows that opportunities in this industry are still plentiful. However, in recent years, we have spotted internal and external factors that have affected incumbents in the insurance market. We have put together a list of key trends and updates that insurers cannot miss.

1. Changing demographics

Marketing themselves in the ways that appeal to the whole demographic will be a challenge for insurers. Insurers now have to cater for the two extreme ends of the world's population. On the one end, the older generation still prefers purchasing insurance products and services from traditional distribution channels, such as through brokers; agents; and direct contact with insurance companies. In Thailand, this part of the population is possibly the most difficult age group to serve, due to their skepticism about insurance. Another difficulty lies in the product design stage, as insurers have to weigh up providing maximum coverage, against the idea of a relatively high return on investment. With competition being fierce, profit margins can be small.

On the other end, the younger 'always-connected' generation prefers insurance products that are offered via online or electronic channels. The type of product this group demands is also different. The millennials are interested in insurance products that are personalized, straightforward, and that come with services that are responsive at all times. In addition, the millennials are not brand-loyal and are increasingly more likely to switch providers if they see products that are more well-suited to their needs.

2. Technological disruption

With new technology comes new entrants - technology start-ups. In order to not only survive but also to take advantage of these technological innovations, insurers either have to collaborate with start-ups, or invest in their own technology and information system development team, in order to stay ahead of the curve. If applied appropriately, technology can help insurers save administrative costs and increase operational efficiencies, and can help them differentiate their products from other companies.

> **"Insurers either have to collaborate with start-ups, or invest in their own technology and information system development team, in order to stay ahead of the curve."**

Another opportunity brought about by technology is the ability to collect, gather, and process personal data, as well as to use such data in order to improve products and services.[2] Insurers have to keep a close eye on regulations governing data protection in Thailand and other countries if they are looking to expand their reach to regional markets, as domestic data protection laws are highly nuanced.

Technological change can also lead to the emergence of unprecedented risks. For instance, if an automated car is involved in a car accident, it is difficult to know who should be liable for the damages.

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[1] Asia Insurance Review (August 2017), Country Profile, page 60

[2] International Association of Insurance Supervisors, FinTech Developments in the Insurance Industry, February 2017

Advances in medicine are also leading to people living longer lives. It will be a challenge for insurers to find methods to calculate the appropriate premiums and insurance terms in the future.

3. Cybersecurity

The issue of cybersecurity is uncertain and ambiguous, partly because of lack of historical data on the issue and partly because of the perpetually evolving nature of the nature of risks in the cyber world. Since cyber attacks and data breaches are now inevitable, response readiness is the key to a sustainable enterprise.[3]

[3] Deloitte - Cyber Regulation in Asia Pacific

Insurtech

Our Insurtech team

As the insurance landscape changes through technological advances, Insurtech has become a major driving force that is set to disrupt the industry. However, it has also created opportunities for operators and customers alike. Our Insurtech team, with deep-rooted knowledge and extensive experience in the insurance sector, are well-equipped to advise you on this game-changing platform. To ensure that our clients are well-informed on issues that may affect their business operations, we periodically compile and distribute Insurtech focused publications highlighting such topics as start-up collaborations and regulatory sandbox, digital innovation, e-commerce, consumer lifestyles, and data privacy.

To raise awareness on a regional scale, we participate in Insurtech roadshows, providing operators and entrepreneurs with an insight into Thailand's legal and regulatory environment.

						
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The new era has begun

New and innovative technologies have affected the values of existing products and services in every industry, including insurance. In recent years, we have seen new products entering the market, offered by both established insurers and new start-ups. Even if insurers have strong products and customer insight, including an extensive database, their business could still be affected by the digital disruption. To survive, insurers must learn to work with and master these new technologies and adapt to the digital business models.

Reframing perspective: New challenges

Technological disruption

Change is inevitable in the business world - it can be a threat or an opportunity. For the incumbents in the insurance industry, innovations may be a threat, but when properly leveraged, innovations can facilitate new business models and developments of new products. That is, insurers can be a part of the disruption, rather than to be disrupted.

Imagine the future of automobiles where all cars are self-driving, decreasing the likelihood of road accidents. In this case, the auto insurance industry will undoubtedly be affected as collected insurance premiums drop. How would automobile insurers survive?

Changed consumer behavior

Consumer behaviors have changed significantly. Consumers now expect services that are straightforward, fast, and on-demand, and that service providers are responsive at all times. Customers are demanding products that are customized to their financial capabilities and needs. The bar is also raised whenever a market player introduces customers to faster, and better services. Insurers must now put customers first, and change their approach from product-oriented to customer-centric, by leveraging technology to their advantage.

Another challenge for insurers today is retaining existing customers and attracting new ones. Consumers are no longer brand loyal, but focus instead on the experience offered for each specific service. In addition, since consumers are more critical and cynical, an insurer's reputation may be meaningless in the eyes of a customer if their product cannot meet the customer's expectations, namely the same established core products may be viewed as undifferentiated commodities, and so are no longer satisfactory. Technology can help insurers maintain their relationships with customers.

Further, customers would prefer to shift to paperless systems where they will no longer be required to keep and carry relevant papers. These systems would also allow customers to have quicker access to their policies and make or request amendments and updates. All in all, it is not only about the big fish winning everything any more, but the fast fish that understands the customers' need and provides the best customer experience are likely to win it all.

Redefining business: New industry landscape

The new era has just begun. We are in a time of rapid technological change and insurers need to keep up with such changes, which have redefined the industry's boundaries and limitations. It is time that insurers reshaped their perspective by identifying their core products and services, differentiating their products from those of their competitors, reconsidering their market position, and reshaping their internal organization.

Embracing innovation

In order to embrace innovation, insurers have to first identify key technological trends so that they can invest their time and effort into incorporating the technologies into their business models. We have put together below a list of current trends and their implications for the insurance industry.

1 Machine learning and artificial intelligence

Insurers can use artificial intelligence (AI) to improve their operational efficiency as AI can perform complex tasks by analyzing and processing the information they receive. The two areas of operations where AI can be of most use are claims and underwriting. AI can reduce claim processing time, and make the underwriting process more efficient by gathering and presenting necessary information to underwriters to help them identify risk attributes of each customer or create predictive models of risk assessment. It can also help insurers detect and prevent fraudulent activities or fraud leakage.

In addition to internal operations, AI can be used to enhance the customer experience. AI collected data can be used for personalizing products and services to suit each customer. For example, AI can analyze customers' reactions to specific policy offer wordings, and optimal telesales time from audio recordings at the call centers. Insurers can also use chatbot to create more engaging and interactive customer online experience, such as using chatbot to answer basic customers questions, offering straightforward advice about complex products, or following up on claims for customers.

2 Internet of things

Internet of things (IoT) includes such things as sensor-equipped devices like fitness trackers, telematics devices in cars, or smart home devices that are used for collecting user data. Insurers can integrate IoT directly into their business models or partner with start-ups who have expertise in particular IoT. Doing so would enable insurers to make use of the collected information to determine the appropriate premiums or premium discounts for each user.

However, the use of personal data will be governed by the data privacy law, which we expect to come into effect soon.

3 Blockchain and smart contract

The blockchain technology stores transactions permanently in a ledger in a decentralized network, where all users participate. The technology is regarded as transparent, trustworthy, and cost-effective, and has facilitated the growth of new business models such as peer-to-peer insurance.

Insurers can use blockchain to improve internal processes, including fraud detection, risk prevention and claims verification. By storing claims on a secured shared ledger, insurers can mitigate double booking or processing multiple claims from the same accident, counterfeiting, or contract alterations. In addition, information about the claims stored can be used to identify patterns of suspicious behavior from previous transactions, as well as for tracing the history of each policyholder.

Another key feature of blockchain is the use of a computer program called smart contract - a program that can automatically execute the terms of a contract based on certain pre-defined triggers, without relying on intermediaries. Insurers can use smart contract to accelerate the flow of information and payments, by bypassing manual processes. For example, the receipt of an electronic death certificate of a policyholder can be set as a trigger event for a life insurance policy, after the occurrence of which funds to the beneficiary would be released.

Personal data culture

With new technological tools, insurers have gained more customer insights than ever before, and customers are aware that their data is being collected. The majority of customers are willing to share their personal data with insurers, provided that in return they will receive more-tailored products and services from the insurers. However, there are customers who fear that their personal data would be misused and so are reluctant to share their information. Therefore, insurers should build trust with the customers by providing transparent services, and ensuring data security and privacy protection within their networks and systems.

Company structure overhaul

Product innovation by itself is insufficient; insurers will have to redesign their organizations, with the aim to incorporate technology into every level of command. That is, they must make a transition from being clunky organizations with risk averse culture and time consuming internal processes, into agile, modern and technologically-savvy organizations.

Modern market approach

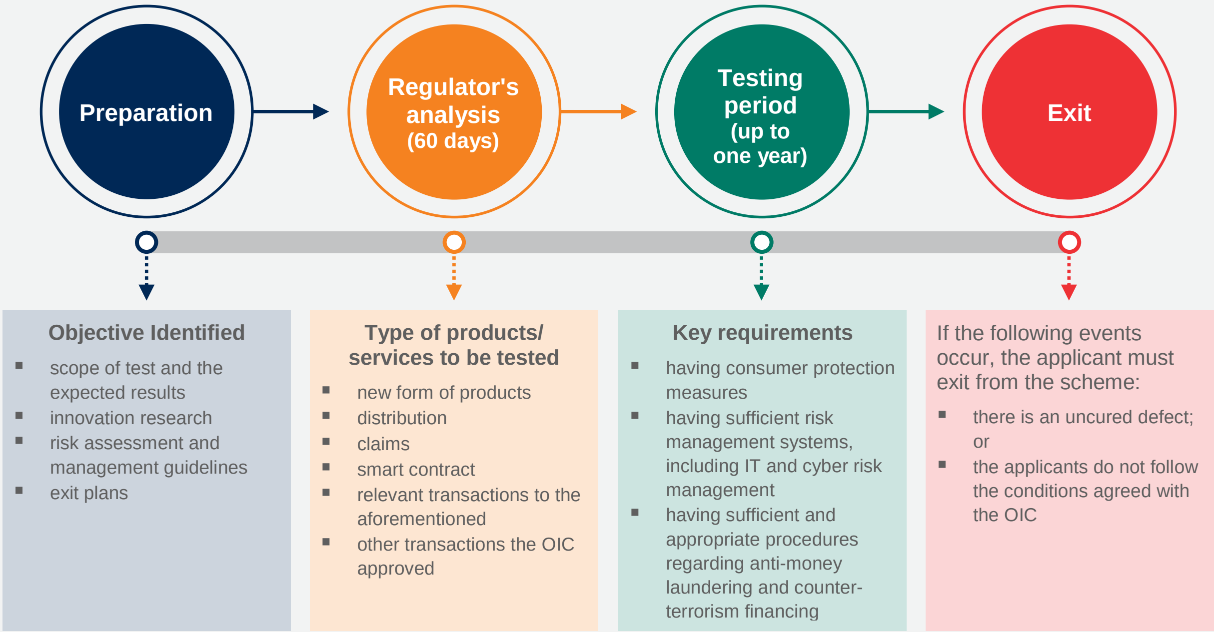
Insurers should think about how they can become part of every day lives of the consumers. For example, insurers may offer on-the-go and all-in-one insurance products, or introduce face and voice recognition, or mobile phone video recording to enhance customers experiences by becoming part of their every day routine and activities.

In addition, insurers may consider transforming itself into comprehensive full-service hubs. With an increased database and the technology to analyze and process such data, insurers can change their role from being an agent to being an advisor who can provide bespoke risk management services. Insurers may also consider shifting from indemnification to real-time protection.

Redefining business approach may involve insurers collaborating with unusual partners. Some insurers have already partnered with manufacturers of smart-home devices to offer customers better protection against emergencies at home. Some insurers are also collaborating with e-commerce companies to share customer data and jointly develop new products.

Regulatory sandbox: The regulator's approach to technological advancement

The Office of the Insurance Commission has shown its willingness to support Insurtech by introducing a regulatory sandbox regime, which has allowed insurers, agents, and Insurtech developers to test their products, services, or solutions under a virtual space with relaxed regulations for a period of no longer than one year, under the supervision of the OIC. Below is a diagram summarizing the key entry requirements and the process of the regulatory sandbox scheme.



Insurtech snapshot: How is Thailand doing?

Insurance providers in Thailand have already started to integrate technology into various aspects of their operations. From a survey of the market, we found that a substantial number of insurers are offering their products and services through online platforms. Some insurers and brokers have developed and launched mobile applications in order to provide services directly to customers.

Websites

Websites are developed and used mainly by insurers and brokers, and the nature of these websites are different.

Insurers' websites

Insurers' websites are used as platforms to offer insurance products for sale. In accordance with the OIC regulations, the most basic features of these websites contain details about policies' coverage; term; premium; compensation; and indemnification payments. Recently, some insurers have started to develop their websites to include a special feature that allows site visitors to personalize their products. For example, visitors to a car insurance company's website are asked to fill in details about their cars (i.e. car model; car usage; and drivers' behavior) that the company will then use to recommend a policy with appropriate coverage. On other websites, visitors are asked to provide information about their financial standing, as well as their risk tolerance, to determine the products that best suit the visitors' profiles.

In addition, insurers are also offering online live-chat services on their websites, with the aim of making customers' experience more interactive. Chats are recorded and will later be used for analyzing customers' preferences and feedback so that insurers can improve the quality of their products and services in the future.

Brokers' websites

Brokers' websites, on the other hand, offer various products that are developed and will be underwritten by insurers. Upon entering the websites, visitors are asked to answer basic questions, the answers to which are used for filtering out products that do not match visitors' needs. Visitors will then be shown a refined list of products, along with comparisons. The actual sale and purchase of the products is conducted on some brokerage websites.

Brokers differentiate their websites from those of others by trying to convince customers that their quotations are accurate, and that their service charges are of good value and fair. Some brokers offer additional benefits or services to their customers, such as giveaways or coupons, or, in the case of motor insurance, rent-free cars for customers whose cars are being fixed.

Mobile applications

Taking advantage of the population's heavy use of mobile phones, insurers, brokers and even start-ups have launched mobile applications for their customers. Most of the applications recommend insurance products; sell products; make claims; and compare quotations.

In the motor insurance industry, some mobile applications allow users to use their phone cameras to take and send pictures of their cars to insurers for a quick quotation, or to make a claim. Some applications are aimed at facilitating communication and expediting claims between drivers and insurers. The application works like this: when there is an accident, the two drivers can download the application and, while the application is activated, shake their phones near each other. The insurers of both drivers will issue claim reports promptly via the application. That way, the drivers can go their separate ways without having to wait for the surveyors. Another mobile application captures mileage data to determine the premium rate a driver should pay for his or her car insurance.

In the travel insurance industry, mobile applications are developed so that insurers may provide more straightforward and flexible services to customers. For instance, in one application, customers are allowed to change their travel plans by adding or reducing the number days in their trips, or even cancel the trips altogether and opt to save the purchased policies for their next trips.

Finally, insurers and start-ups have recently launched applications that can synchronize with wearable technologies, such as watches, that collect the users' diet and exercise data in order to select suitable health insurance products for each user, and to gather and use such data to reduce health insurance premiums.

Data privacy concerns

It is very rare that customers can use web-based services or mobile applications without first having to provide some personal information to the website or application operators. On some websites, after filling out personal information, visitors are automatically subscribed to newsletters and promotional announcements. Since data protection is a growing concern, a request for data or automatic subscription, in the absence of an agreement to purchase products or receive services, might not be the best approach for insurers or brokers.

Insights into online insurance sales

Online insurance sales may be relatively small compared to sales through agents/brokers or bancassurance, but the online distribution channel is becoming an increasingly popular choice for both the insurers and the policyholders. With technological advances making access to insurance products and services via electronic channels easier and more straightforward, customers no longer need to rely on an agent or a call center.

The online sales of insurance products are regulated in two aspects: (i) types and features of the products and services; and (ii) the elements of an electronic transaction, including e-signatures and security measures.

Online insurance products and services

In response to the rise in insurance-related online activities, the Office of Insurance Commission (OIC) announced notifications on online insurance transactions (the "**Notifications**"), which came into effect on 26 August 2017.

The Notifications govern four areas of online activities, whether such activities are performed by insurers, agents, or licensed brokers, including: (i) offering for sale insurance policies via electronic channels (online sales); (ii) using electronic means to accompany the sale of insurance policies; (iii) issuing insurance policies via electronic means; and (iv) paying indemnity or compensation via electronic means (e-claim payments).

Online sale

Using electronic means to accompany the sale of policies

Issuing e-policies

E-claim payments

All four activities must be carried out in accordance with the laws on electronic transactions, and cannot be contrary to the law on the prevention and suppression of money laundering, or other laws of a similar nature. The key features of the Notifications are as follows.

Online sale

- This activity can only be carried out by insurers, brokers or banks.
- The online sale must be conducted in accordance with the security procedures as prescribed in the law on electronic transactions.
- Insurance policies that are sold via electronic means must be approved by the OIC beforehand.
- The conditions for the payment of insurance benefits, premiums, and other information for the prospect's consideration and decision to take out insurance must be disclosed.
- Electronic payment of premiums must only be made to the insurer's account, not the broker's account.
- Within seven days from the issuance of a policy, the insurer must request a confirmation from the insured. This request can be made through a telephone call or other electronic means.
- When requesting a confirmation from the customers, the insurer must notify the customers of their rights to a free-look period - a period of 15 days during which the customers can cancel the policy without their paid premiums being forfeited.

Using electronic means to accompany the sale of policies

- This applies when an employee or agent of the insurer, a broker, or a bank offers an insurance policy to the customer using other means, and the customer must demonstrate his or her intention to enter into an insurance contract via electronic means.
- Examples of this intention include the filling out of an online form of a person's data declaration, the verification by the person that the data is accurate and complete, etc.
- Any information intended for the customer must be sent to the system indicated by the customer only. The insurer, broker, or the bank must affix an e-signature on this electronic information using a reliable procedure as prescribed in the law on electronic transactions.
- Any electronic means used must be approved by the OIC beforehand.

Issuing e-policies

- Insurance policies must be issued in accordance with the security procedure as prescribed in the law on electronic transactions, and the insurer must affix an e-signature on the policy using a reliable procedure as prescribed in the law on electronic transactions.
- For group insurance, the insurer must issue an insurance certificate to each member of the insured group, unless it is agreed otherwise.

E-claim payments

- Any arrangement or request by the insurer for documents from the insureds or the beneficiary must be in accordance with the security procedure as prescribed in the law on electronic transactions.
- The identity of the insured or beneficiary must be verified through a process set up by the insurer, before making any e-claim, in accordance with the security procedure as prescribed in the law on electronic transactions.

Electronic transactions, covering e-signatures and security measures

All electronics transactions are normally governed by the Electronic Transactions Act, B.E. 2544 (2001) (the "**ETA**"), in the absence of specific laws. In our case, the Notifications regulate almost all aspects of insurance-related online activities, except certain matters (e.g. the security procedures for e-signatures, and for issuing policies to customers and exchanging information between insurers and customers), for which the Notifications specifically defer to the ETA.

This section briefly outlines the measures for e-signatures and security measures under the ETA, and details certain specific requirements relating to the maintenance of information system security and safety under the Notifications.

E-signature

The ETA prescribes that an "e-signature" means a letter, character, number, sound, or any other symbol created in an electronic form and affixed to electronic data in order to establish the association between a person and the electronic data. The purpose of an e-signature is to identify the signature's owner and to show that the signature's owner has approved the message contained in such electronic data.

Generally, the ETA distinguishes between two types of e-signatures, namely (i) electronic signatures; and (ii) trustworthy electronic signatures (digital signatures).

(i) Electronic signatures

Electronic data is deemed to have been signed provided that there are these two elements:

1

The method used for signing can identify the owner of the signature and show that he or she has certified the message in the electronic data as being his own.

2

Such method is trustworthy and suitable for the purpose of making or transmitting the electronic data with due regard to the prevailing circumstances or an agreement by the parties.

(ii) Trustworthy electronic signatures

An electronic signature is deemed a trustworthy electronic signature (digital signature) if:

1. The signature creation data is linked to the signature's owner.

2. The signature creation data was, at the time of its creation, under the control of the signature's owner.

3. Any alteration to the electronic signature, made after the time of creation, is detectable.

4. If the purpose of the legal requirement is to provide assurance on the completeness and integrity of the message, any alteration made to that message after the time of signing is detectable.

However, please note that even if the four requirements above are satisfied, an e-signature will be deemed unreliable if there is documentary evidence concerning the unreliability of the electronic signature.

Security method

The Royal Decree on Secure Methods of Conducting Electronic Transactions, B.E. 2553 (2010), enacted by virtue of the ETA, specifies secure methods and trustworthy procedures for conducting electronic transactions, depending on the required level of security; strict, intermediate, or basic. The security level required for insurance electronic transactions is strict. The requirements for maintenance of a strict security level are further prescribed in the subordinate regulations.

In addition to such security maintenance, the Notifications also specify additional requirements for an insurer, broker, or bank that conducts any of the four insurance activities to ensure that it:

a. provides policies and guidelines for privacy and personal data management;

b. has its information system audited and certified by an independent certification body such as Certified Information Systems Auditor, Certified Information Security Manager, Certified Information Systems Security Professional, or ISO 27001 Information Security Management Certificate; and

c. register with the OIC before conducting any of the four activities mentioned above.

The above is a summary of the relevant laws and regulations relating to conducting insurance-related online activities. For further information or if you have any questions, please feel free to contact our insurance team/Insurtech team.

Laws and Regulations

Update

General regulatory updates

Drafting regulations has become increasingly complicated as the nature of the insurance market changes. For example, there are increasing numbers and types of providers, from traditional insurers to start-ups, and an increasing number of players in the value chain, as well as ever more complex interconnectedness among those players. Therefore, regulators have to carefully balance the promotion of competition, which is normally achieved through relaxation of regulations, with the protection of consumers, which is commonly achieved by imposing stricter regulations.[4] Pressing questions facing the regulators today are, for instance: "Must data transferability between firms be regulated?"; and "How can a single regulatory framework be applied to different and multiple business models?"

1. **Promotion of foreign direct investment**

   Recently, a regulation was passed giving the Ministry of Finance the authority to approve 100 percent foreign shareholding of a company established in Thailand. This change will likely attract more foreign direct investment into all industries, including insurance. Nonetheless, we still expect that dependency on the international markets will still be great as domestic structural weaknesses continue to lead to outward ceding of insurance premiums.

2. **Stricter risk management requirements**

   The Thai regulators have shifted their focus to ensuring that insurance companies properly manage their investment portfolios and maintain adequate capital, in order to mitigate risks that can adversely affect policyholders. At present, the standard of capital maintenance used in Thailand is the Risk Based Capital (RBC) requirement, consistent with other jurisdictions across Asia Pacific. The OIC is aiming to increase levels and standards of compliance by implementing the RBC Phase 2 in 2019.

   It is interesting that the OIC requirement is different from the European Solvency II requirement, since it is tailored to the risk profile of individual companies; uses multiple risk metrics (meaning that two risks combined may not result in greater net risk); eliminates double gearing capital that can distort results; and does not use the same time horizon for each risk, allowing each risk to be recognized in its appropriate timeframe.[5]

3. **Emphasis on good corporate governance**

   We have seen new regulations that have been issued, or are being drafted, specifically to promote a culture of good corporate governance within insurance companies. For example, the new reinsurance notifications will take into account new enterprise risk management concepts, and the new sale notification will impose several new requirements to protect the customers. In addition, the data protection law, which is on its way, is aimed at ensuring that personal data is used with care and without infringing the data owner's privacy.

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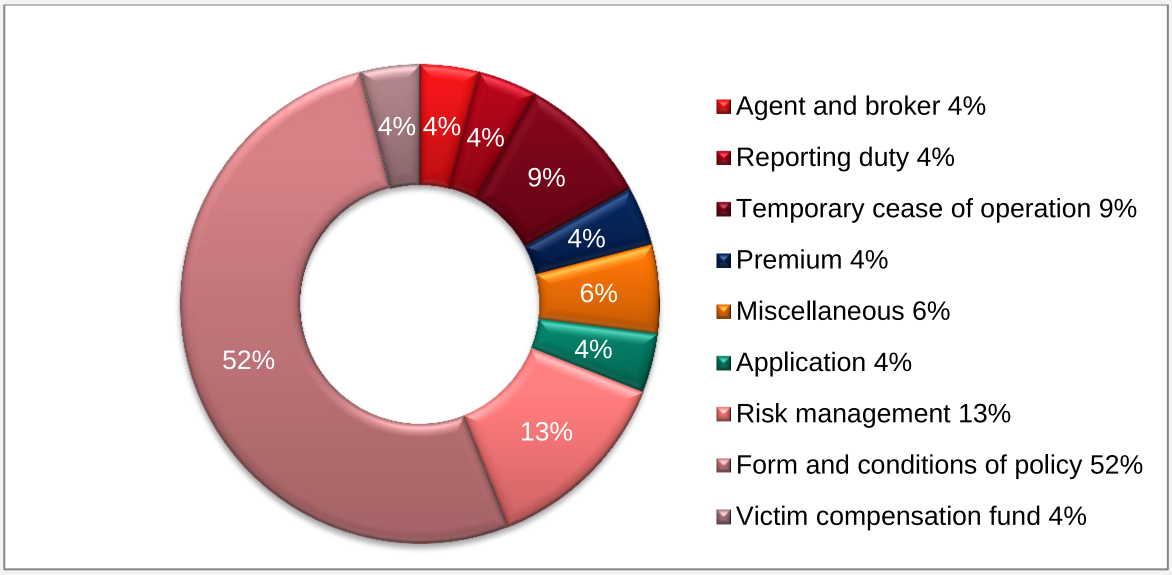
[4] (n 5)

[5] Society of Actuaries, Article from: The Financial Reporter December 2012 - Issue 91

The chart below illustrates the proportions of regulations issued from July 2017 by area of supervision. More than half of the 43 regulations are regulations on the forms and conditions of insurance policies. This is because the policy involves the general operations of all insurance companies.

Areas covered by regulations issued since July 2017



Snapshot of key legislation

Notifications on Rules, Procedures, and Conditions for Prescribing the Minimum Requirements of Risk Management for Insurance Companies, B.E. 2560 (2017)

These notifications (the "**ERM Notifications**") mainly focus on the enterprise risk management of life and non-life insurance companies. Internal risk management culture is also boosted to carry out the business in a way that allows risk management to be a part of all employees' actions.

The ERM Notifications introduce the following key concepts for life and non-life insurance companies.

1. Risk management framework

Insurance companies are required to prepare a written risk management framework as approved by the board of directors, instead of by the managers of the companies. The framework must be submitted to the OIC within 30 days from the effective date of the ERM Notifications and within one month from the date that the board of directors has approved any material amendments to the framework.

2. Risk management structure

The company's board of directors, the risk management committee, and the risk management unit of life and non-life insurance companies are now responsible for the risk management structure of the companies.

(1) The board of directors

The board of directors is to supervise the overall risk management of the company. Their other duties include considering and approving the risk management policy, the three-year business operation plan, and a business strategy that complies with regulations, and overseeing the company's general business operations.

(2) Risk management committee

All life and non-life insurance companies are required to set up a risk management committee, whose primary duty is the supervision of the company's risk management operations including proposing a risk management policy for the board of directors' approval and assessing the efficiency of the company's risk management enforcement schemes. The committee must consist of at least five members, one of whom must be a director of the company, and must hold a meeting each quarter to review the company's risk management performance, and submit a report to the board of directors. Branches of foreign insurance companies may provide evidence to the satisfaction of the OIC that they already have a risk management committee in place, which will oversee the branch's compliance with the ERM Notifications.

More specific timeframe relating to the a risk management committee is as follows.

(i) The companies must submit the minutes of the shareholders' meeting or the board of directors' meeting, containing the resolution to appoint the risk management committee, to the OIC within 30 days from the appointment date.

(ii) Within 30 days of the appointment of the risk management committee, the companies must submit to the OIC the risk management committee charter. Any substantial amendment to this charter must also be reported to the OIC within 30 days of such amendment.

(iii) Companies that already have a risk management committee must supply the documents above to the OIC within 30 days from the effective date of the ERM Notifications.

(iv) In case of resignation or replacement of a member of the risk management committee, the companies must report to the OIC within 30 days.

(3) Risk management unit

The companies must establish a risk management unit to facilitate and work on risk management-related matters. The appointment and termination of the head of this unit must be reported to the OIC within 30 days of such termination or appointment. The head of the risk management unit is required to report the risk status and risk management conduct to the company executives and the risk management committee at least once every quarter. This report must include any failure to comply with the risk management framework or policy, risk limits, and incident reports that substantially affect the company's business operation.

3. Risk management process

Insurance companies must identify the risk incident and sources of the risk that will affect the companies financially or otherwise, and prepare those information for risk registration. The companies are also required to prepare risk assessment and prioritizing process, responses to the risk in each level, and reporting systems.

4. Stress test

If the OIC becomes aware of any potential events that could affect the income, funds, reputation, or existence of an insurance company, the insurance industry, or the stability of a financial entity that may significantly affect an insurance company, the OIC may order all or some insurance companies to launch a stress test to assess the impact of such events.

The ERM Notifications were promulgated on 1 September 2017, and have been in force since 28 February 2018. The companies are also required to follow up on and assess the result of their internal risk management processes, which must be in line with the risk management framework and the risk management policy. The results must also be reported to the board of directors at least once a year. The companies must also revisit their risk management framework and risk management policy on an annual basis, or whenever there is an incident that may materially affect the financial stability of the company.

Draft amendments to the Life Insurance Act and Non-Life Insurance Act

The drafts are being reviewed by the government, and are expected to pass soon. The drafts contain the following three amendments.

1. The first draft amendment is designed to improve consumers' rights protection. The draft has gone through a public hearing, and is currently being approved by the Council of State, after which it will be proposed to the Cabinet and the National Legislative Assembly for consideration and approval.
2. The second draft amendment is designed to enhance and strengthen the stability and security of insurance companies. It is currently under the consideration of the Ministry of Finance, and will later be proposed to the Cabinet for approval.
3. The third draft amendment is designed to strengthen of appropriate formality on the transfer and amalgamation of business. The draft is currently under the consideration of the OIC. A public hearing on the draft has not been scheduled.

Draft Marine Insurance Act

The draft act consolidates marine insurance laws in Thailand, and if passed will be the country's first Marine Insurance Act. The concepts and provisions of the act are drawn from the Marine Insurance Act, 1906 and Insurance Act, 2015 of the UK, which are the two principal laws that are widely used internationally. According to the OIC, the draft has been approved by the Ministry of Finance, and will soon be proposed to the Cabinet for approval.

Draft reinsurance notification to amend the Notification of the OIC re: Rules, Procedures, and Conditions on the Reinsurance of Life and Non-Life Insurance Companies, B.E. 2555 (2012)

The OIC has recently revisited the Notification of the OIC re: Rules, Procedures, and Conditions on the Reinsurance of Life and Non-Life Insurance Companies, B.E. 2555 (2012) ("**Existing Reinsurance Notification**"), which currently regulates the reinsurance business, and this has led to the drafting of amendments to the Notification (the "**Draft Reinsurance Notification**"). The main objective of the Draft Reinsurance Notification is to ensure that insurers have proper mechanisms in place to address risks relating to reinsurance and to align reinsurance regulations with the new risk management scheme that was announced in September 2017. The Draft Reinsurance Notification contains the following substantial amendments.

1. **Internal compliance requirement**

   Each insurer is required to prepare a written reinsurance management framework that must be approved by the board of directors, form a unit or appoint responsible persons to supervise and monitor reinsurance, and have an internal control department to supervise and monitor activities relating to reinsurance to ensure that they are in accordance with this framework.

2. **Reinsurance agreement requirement**

Insurers are required to ensure that reinsurance agreements (treaty and facultative) are suitable for their businesses, in line with the reinsurance management framework, and are part of the company's risk management and capital fund management.

3. Financial reinsurance and finite reinsurance

Financial and finite reinsurance are still prohibited under the Draft Reinsurance Notification. In addition, insurers must be able to prove that their reinsurance agreements do not constitute financial or finite reinsurance, with a method of proof that is acceptable, i.e. 10/10 or expected reinsurer deficit.

4. Risk management requirement

Insurers must ensure that a proper risk control mechanism is in place to address the credit, concentration, operation, and liquidity risks.

5. Liquidity risk management plan

In addition, insurers are also required to prepare a liquidity risk management plan for significant loss or recurring compensation claim, including (i) sourcing of funds, (ii) short-term cash flow management, and (iii) expediting of claims for reinsurance compensation.

6. Authority of the OIC

The OIC is authorized by law to order insurers to revise their reinsurance agreements and request side letters. In addition, the OIC may order insurers to perform a stress test to evaluate the effectiveness of reinsurance.

Currently, the OIC working group is proposing another draft, which reflects comments from the public hearing, to the OIC board's for final consideration. Since the changes to the first draft are minimal, the OIC will not be accepting comments from insurers.

Draft Personal Data Protection Bill

Personal data protection currently falls under tort law, and has no specific regulations that govern it. The issue of data protection has gained momentum in the recent years and this had led to the drafting of the Personal Data Protection Bill ("**PDPB**"), which is primarily overseen by the Office of the Data Privacy Committee. The draft PDPB passed the public hearing in January 2018, and its revised version, as amended by the Ministry of Digital Economy and Society, was published in early April 2018. The draft PDPB was approved by the Cabinet later in May 2018, and is now undergoing review by the Council of State and the National Legislative Assembly. However, it is uncertain when the draft PDPB will be finalized and enforced.

The main aim of the draft PDPB is the protection of personal data in relation to the collection, use, and disclosure of such information. Under this draft, the data controller may collect, use, or disclose any person's personal data provided that such person has given consent prior to or at the time of such collection, use, or disclosure or falls under exceptions as prescribed in the draft PDPB. The data controller must also inform the data owner of the purpose of collection, use, and disclosure, and in doing so, must not cause misunderstanding. In addition, the data owner can revoke his or her consent at any time. The data owner has the right to access the personal data that he or she consensually provides, or request the disclosure of any personal data that another has obtained without consent.

The data controller must ensure that the personal data is accurate, up-to-date, complete, and does not cause any misunderstanding. Furthermore, the data controller is required to consistently assess the effects on the privacy of the personal data owner, and to provide appropriate security measures in order to prevent loss, access, use, modification, amendment, or disclosure of the data that is unauthorized or unlawful, and to destroy personal data, the retention period of which has expired, irrelevant or unnecessary data, or data, the consent for which the owner has revoked. If there is any personal data infringement, the data controller is obliged to notify the owner of this violation, and in some certain cases, to also report to the Data Privacy Committee, without delay.

Furthermore, the concept of extraterritorial application is introduced in this draft for the first time. Data controllers and processors who collect, use or disclose personal data outside Thailand will be subject to the PDPB, if: (1) any part or parts of such act occur in Thailand; or (2) it is the intention of the data controller or the data processor that the such acts have consequences in Thailand; or (3) the acts have consequences, or it can be foreseen that the acts will have consequences in Thailand.

For the processing of personal data of data subjects who are in the EU by a controller or processor not established in the EU in relation to offering of goods or services in the EU, or if Thai companies monitor the behavior or location of data subjects in the EU, the Thai companies could be subject to compliance with the General Data Protection Regulation.

Statement of

Capability

For many years, our Insurance Practice Group has been a key participant in the Thai insurance industry and has acted as legal advisor to organizations in various parts of the insurance industry network, including domestic insurance companies, international investors, and insurance brokers. Our experience in this field enables us to play an active role in assisting international investors from more mature insurance and reinsurance markets, who are eager to participate in an existing domestic operation or enter into a joint venture with an existing local insurance entity.

Our insurance law specialists advise insurance clients of all types, at all stages of operation – from establishing their operations in Thailand (often through mergers, acquisitions, or joint venture agreements) to regulatory compliance, insurance policy drafting, and the settlement of claims. We have also given advice to a number of clients on the procedures for corporate and financial restructuring, to enable companies to legally achieve their business objectives, in light of the strict regulatory regime. The broad range of insurance-related matters we handle includes:

- Thailand regulatory issues;
- policy issues (life and casualty insurance);
- mergers, acquisitions, and joint ventures;
- development of new insurance and investment-linked products;
- insurance-related claims and subrogation matters;
- investments by insurance funds and asset management;
- bancassurance;
- trade competition;
- digitalization, Insurtech and data privacy;
- tax aspects of insurance, investment, and corporate restructuring; and
- litigation claims.

As part of Baker McKenzie's Global Insurance Practice Group, we are also able to draw on the experience of our offices in leading international insurance markets, such as those in New York, Chicago, London, and throughout Europe. We are able to provide timely and cost-efficient multi-jurisdictional reviews of relevant insurance, tax, corporate and regulatory issues facing international underwriters in the various markets in which they operate.

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We solve complex legal problems across borders and practice areas. Our unique culture, developed over 65 years, enables our 13,000 people to understand local markets and navigate multiple jurisdictions, working together as trusted colleagues and friends to instil confidence in our clients.

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