

Client Alert

February 2020

Fourth amendment to the investment regulations: Wider investment opportunities, including in healthcare, technology, and offshore investment

Following revisions in November 2019 to the life and non-life insurance investment regulations, the Office of Insurance Commission (OIC) has published a fourth amendment to the regulations, which came into effect on 29 January 2020.

Key revisions are summarized below.

1. New definitions introduced

To support wider investment opportunities presented in this amendment, and to provide more clarity, certain new definitions are introduced, including "overseas financial institution," "infrastructure," and "private equity," and definitions regarding derivatives and the healthcare businesses.

Some of the existing definitions have also been revised. These include "sukuk," "investment unit," and "investable asset."

2. Wider investment opportunities

The fourth amendment allows insurers to invest in private equity, real estate, mutual funds, and infrastructure trusts. More importantly, insurers are now allowed to hold shares of an entity offering:

- medical services;
- care services for the elderly / long-term care services; or
- technology that is beneficial to the insurance business.

3. Other key changes

Other changes are also addressed in this fourth amendment, including requirements on:

- being an option writer (previously, strictly prohibited for insurance companies);
- foreign exchange hedge;
- offshore investments;
- investment in structured notes;

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- granting loans; and
- holding shares in other entities.

This amendment expands the investment options for insurers, providing more flexibility and potentially facilitating insurers' risk allocation. Insurers are urged to familiarize themselves with these changes, to ensure compliance and to maximize investment opportunities.