

## COUNTRY PROFILE – THAILAND

# Non-life: Steady and strong

**Dr Chutatong Charumilind of Insurance Premium Rating Bureau** sees the non-life sector holding a steady growth path in 2017 and will remain strong despite the still crowded and competitive market.



**F**rom the Insurance Premium Rating Bureau (IPRB)'s projection, total direct premiums in the non-life insurance sector are expected to grow by 1.4% to 1.8% in 2017, up from 1.2% last year.

While Thailand's economy is expected to grow between 3.3% and 3.8%, according to the National Economic and Social Development Board (NESDB), the non-life insurance industry is expected to grow at a lower rate compared to overall GDP growth.

Thailand non-life sector's growth has held steady at below 2% since 2014. Motor insurance, which captured around 57% of the total insurance portfolio, showed a slow expansion of 1.57% in 2016.

The IPRB's growth projection in 2017 as above has taken various Office of Insurance Commission (OIC) measures earlier this year towards gradual de-tariffication, including motor premium reduction of 5%-10% for car owners who install CCTV cameras in their vehicles, and a revision in Fire and Industrial All Risks (IARs) tariff.

#### Still a crowded market

The Thai insurance market is highly competitive.

As of December 2016, there were 60

market players sharing the non-life insurance market. Of these, the 12 large companies with more than THB5 billion (US\$146.5 million) premiums contributed 66%, 23 medium-size companies with premiums ranging between THB1-5 billion contributed 30%, while the 25 small size players with premiums below THB1 billion contributing only 5% market shares. The number of small companies have been declining. Their market shares shrank dramatically from 14.7% in 2008 to 5% in 2016.

#### Ageing society

Going forward, the outlook of the non-life insurance industry remains strong. There is still great potential and abundant opportunity for Thai insurers to grow in both domestic and international markets under the ASEAN Economic Community (AEC) framework.

An ageing society, coupled with a sharp increase in medical trend in private hospitals in Thailand will drive demand for health insurance. Population ageing is substantiated by the growing proportion of elderly citizens (aged 60+), from 15% to 25% of total population in 2030.

The trend of increasing deaths caused by non-communicable diseases – such

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as cardiovascular diseases, cancer, diabetes, and pneumonia – has been observed in Thailand and other ASEAN countries. An awareness of this trend will emphasise the demand for health insurance.

### Cyber threats, soft market and detariffication

In Thailand, cyber threats have increased dramatically in frequency and sophistication. An awareness of this issue can turn into an opportunity for Thai insurers. As of June 2017, there were seven insurers who have been approved by OIC to sell cyber insurance products.

Soft pricing conditions and tight profit margins have been challenging in the past few years, especially in the non-life insurance sector. OIC's strategy emphasises gradual detariffication in insurance products, including marine and cargo insurance, industrial all-risk insurance and other types of non-life insurance to be followed.

Specifically, OIC has planned to implement insurance product deregulation. These regulatory changes will further consolidate the industry.

### Comprehensive industry database

OIC has also announced the formation of a comprehensive industry database called "Insurance Bureau System" in collaboration with the Thai General Insurance Association and IPRB.

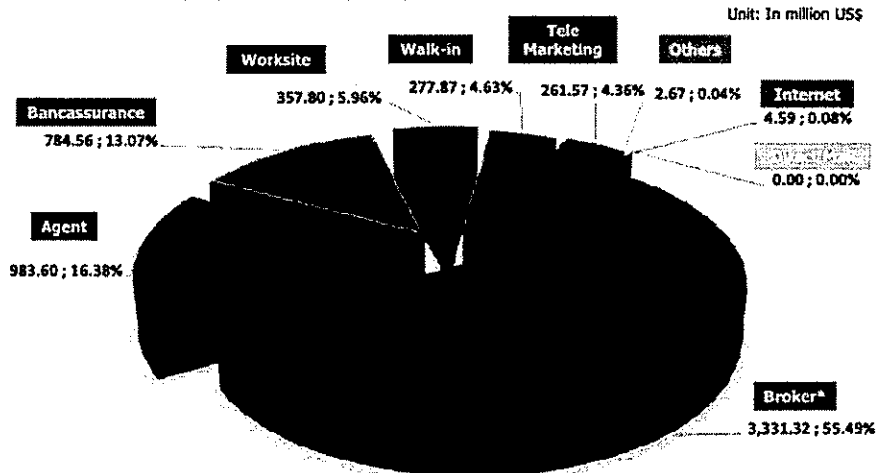
The move is part of its broader efforts to help position ourselves for the digital economy of the future. Also, it will include key activities in pooling natural catastrophe loss data to construct model to better quantify risks which are major threats to the industry.

### Non-life insurance: Direct premium

Line of Business	Direct Premiums		
	2558 (2015) Million Baht (%YoY)	2559 (2016) Million Baht (%YoY)	
Motor	120,305	122,188 (1.57%) ▲	
Fire	10,480	10,233 (-2.36%) ▼	
Marine	5,344	5,268 (-1.43%) ▼	
Miscellaneous	73,114	74,124 (1.38%) ▲	
Industrial All Risks	25,680	23,832 (-7.20%) ▼	
Public Liability	2,013	2,264 (12.48%) ▲	
Personal Accident	25,154	26,806 (6.57%) ▲	
Health	7,563	7,682 (1.57%) ▲	
Others	12,704	13,540 (6.58%) ▲	
<b>Total</b>	<b>209,244</b>	<b>211,813 (1.23%) ▲</b>	

Source: Office of Insurance Commission compiled by IPRB

### Non-life insurance distribution channels in 2016



\*Broker Channel: Individual Brokers, Corporate Brokers, Finance & Car Dealer Business, Hypomarkets, Convenience Stores and Post Office.

Exchange Rate: Annualized rate

I trust that it will enhance the power of data analytics, promote data analytics capabilities and foster innovation in the entire industry. On the other

hand, this will also make regulatory compliance more effective. ■

Dr Chutatong Charumilind is Secretary General at Insurance Premium Rating Bureau.



## Letters to the Editor

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- ▶ Do you have innovative ideas for the industry?

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We look forward to hearing from you!