

(Translation)

### **Notification of the Insurance Commission**

#### **Re: Extension of the Period of Time for Disposing of Immovable Property of a Life Insurance Company, B.E. 2558 (2015)**

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By virtue of section 34 paragraph two, and section 38(2) of the Life Insurance Act, B.E. 2535 (1992), as amended by the Life Insurance Act (No. 2), B.E. 2551 (2008), together with the resolution of Insurance Commission Meeting No. 2/2558 on 27 February 2015, the Insurance Commission hereby issues the following notification.

Clause 1 This notification is called the "Notification of the Insurance Commission Re: Extension of the Period of Time for Disposing of Immovable Property of a Life Insurance Company, B.E. 2558 (2015)."

Clause 2 This notification shall come into force from the date of notification.

Clause 3 The Notification of the Insurance Commission Re: Extension of Period of Time for Disposing of Immovable Property of a Life Insurance Company, B.E. 2557 (2014), dated 18 June 2014, shall be repealed.

Clause 4 In this notification,

"company" means a life insurance company under the life insurance law, and shall include a branch of a foreign life insurance company that is licensed to undertake the life insurance business in the Kingdom under the life insurance law.

"Registrar" means the Secretary-General of the Insurance Commission, or the person delegated by the Secretary-General of the Insurance Commission.

"immovable property awaiting disposal" means the immovable property that is acquired by a company under section 33(9)(a) or (c), and that must be disposed of under section 34 of the Life Insurance Act, B.E. 2535 (1992), as amended by the Life Insurance Act (No. 2), B.E. 2551 (2008).

"appraised value by a valuation company" means the value of immovable property awaiting disposal that is appraised according to the Notification of the Insurance Commission Re: Valuation of Assets and Liabilities of a Life Insurance Company.

"valuation company" means a valuation company on the list approved by the Office of the Securities and Exchange Commission under the Notification of the Office of the SEC Re: Approval of Valuation Companies and Principal Valuers for Public Purposes.

Clause 5 Where immovable property awaiting disposal cannot be disposed of within the period specified in section 34(1) or (2), as the case may be, and the company has requested for an extension of that period from the Registrar at least one month before the expiration thereof, the Registrar may grant a time extension for disposing of the immovable property awaiting disposal for no longer than two years from the due date of disposal thereof. Notwithstanding the foregoing, the Registrar may grant a time extension to the company only in the following cases:

(1) the company must have a plan for disposing of immovable property awaiting disposal, as well as documents and evidence indicating that the company has exerted its utmost efforts to expedite the disposal of immovable property;

(2) the company's capital adequacy ratio (CAR) for the latest four consecutive quarters must not be lower than the ratio at which the Registrar may prescribe necessary measures for

monitoring its solvency position according to the Notification Re: Designation of the Types and Kinds of Capital Funds, including the Rules, Procedures and Conditions for the Calculation of Capital Funds of a Life Insurance Company, and its capital assets to insurance reserve ratio must not be less than 100 percent.

Clause 6 Where immovable property awaiting disposal cannot be disposed of by a company within the period specified in section 34(1) or (2), as the case may be, because the immovable property is pending court proceeding, or a dispute has been referred to arbitration, or a complaint has been lodged with an officer for the purpose of bringing a legal action, or because the immovable property encounters a problem of incomplete or incorrect official survey or a problem concerning documents to title, or is subject to derogation of rights or obligations, and the company has documents or evidence clearly indicating that the immovable property is pending the process of the relevant government agency and that the company has exerted its utmost efforts to expedite it, if the company requests extension of that period from the Registrar at least one month before the expiration thereof, the Registrar shall grant time extension for no longer than two years from the end of the aforesaid process, as the case may be.

Clause 7 For immovable property awaiting disposal of which the holding period is extended for no longer than two years from the due date of disposal according to clause 5, the company shall comply with the following:

(1) in the case that the company's ratio of immovable property awaiting disposal to total capital available (TCA) is less than 10 percent, the company is not required to make deduction of an allowance for impairment in respect of that immovable property;

(2) in the case that the company's ratio of immovable property awaiting disposal to total capital available (TCA) exceeds 10 percent, the company shall make deduction of an allowance for impairment in respect of that immovable property during the extension period. Deduction of an allowance for impairment shall be at the rate of zero percent of the appraised value by a valuation company in the first year, and at the rate of twenty percent of the appraised value by a valuation company in the second year.

Upon expiration of the two-year period of time extension, if the company cannot dispose of the immovable property, the valuation of the immovable property which was not disposed of by the company within the period specified in section 34 must be in accordance with the notification regarding valuation of assets and liabilities of a life insurance company, and counting of the period of holding that immovable property shall be continued for the third consecutive year.

Notified on 28 December 2015.

Somchai Sujjapongse

Permanent Secretary, Ministry of Finance

Chairman

The Insurance Commission