

(Translation)

## **Notification of the Insurance Commission**

### **Re: Rules, Procedures, and Conditions for Indemnity under Life Insurance Contracts by Life Insurance Companies, B.E. 2559 (2016)**

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By virtue of section 38(12) and section 45 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. 10/2558 on 30 October 2015, the Insurance Commission hereby issues the following notification.

Clause 1 This notification is called the "Notification of the Insurance Commission Re: Rules, Procedures, and Conditions for Indemnity under Life Insurance Contracts by Life Insurance Companies, B.E. 2559 (2016)."

Clause 2 The Notification of the Insurance Commission Re: Rules, Procedures, and Conditions for Indemnity under Life Insurance Contracts, B.E. 2553 (2010), dated 6 May 2010, shall be repealed.

Clause 3 This notification shall come into force upon expiration of 180 days from the date of its publication in the Government Gazette.

Clause 4 In this notification,

"Office" means the Office of Insurance Commission;

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

"head office" includes the branch office of a foreign life insurance company that is licensed to undertake the life insurance business in the Kingdom under this Act.

Clause 5 This notification is not applicable to companies that are licensed to undertake only the reinsurance business.

Clause 6 The company's board of directors has the duty and responsibility to ensure that the company complies with the rules, procedures, and conditions specified herein.

Clause 7 The company must prepare systems for managing indemnity under life insurance contracts which are in readiness condition, at least as follows:

(1) there must be a system to record and verify data for the purpose of making indemnity under life insurance contracts, such as maturity amounts, cash surrender value, amounts in the case of contract cancellation, amounts in the case of refund of premiums, or policy loans, as well as data for the purpose of making indemnity when there are incidents that entitle the insureds or their beneficiaries, as the case may be, to exercise claims under life insurance contracts, such as death benefits, or medical treatment benefits;

(2) there must be a system to record claims data, or a channel of contact between the company and the insureds or beneficiaries, as the case may be;

(3) there must be a system to record claims data and issue serial numbers of notices of claim for indemnity under life insurance contract, which connects data of the recorded entries with data on the estimation of indemnity under life insurance contracts and data on the

approval of indemnity under life insurance contracts, including a system to record every change to the data;

(4) there must be supporting systems to support the systems for managing indemnity under life insurance contracts, such as information technology system or computer system, and the company must show connectivity of the systems that are interrelated, for example, the connectivity of the insurance underwriting data with the system for indemnity under life insurance contracts and the system for receiving and making payments of the company;

(5) there must be a system to connect data between the head office and branches, to ensure that the data received by the branches and the data relating to indemnity under life insurance contracts that are handled by the branches are correctly and completely recorded.

Clause 8 The company must designate a person who has the power and duty to consider and approve indemnity under life insurance contracts, and a person who has the power and duty to approve payments based on the internal check and balance principle.

Clause 9 When the company receives a claim for indemnity under a life insurance contract, the company shall at least proceed as follows:

(1) The company must record the claims data, by having it linked to and recorded in the relevant claim register or payment register as well as the company's account within seven days from the date of receiving that data, issue a number for the examination of payment under the life insurance contract, estimate the indemnity thereunder, and notify the insured or the beneficiary(ies), as the case may be, of all necessary documents and evidence to support a claim, the channels for contacting the company, and the period for considering and making indemnity under the life insurance contract.

Every change to the projected indemnity under the life insurance contract, if any, must be recorded, and the cause of that change must be identifiable.

(2) There must be arranged a process for considering the indemnity under the life insurance contract, as well as a communication for mutual understanding with the insured or the beneficiary(ies), as the case may be, in order to make the process of indemnity under the life insurance contract acceptable and to reduce objections by concerned parties.

(3) The consideration and the indemnity under the life insurance contract must be completed within the specified period, and the insured or the beneficiary(ies), as the case may be, must be notified of the result of consideration within the aforesaid period.

(4) The result of consideration and the approval of indemnity under the life insurance contract must be recorded in the operation system or data system without delay.

(5) In the case that the company has agreed to make indemnity under the life insurance contract according to (3), the company must initiate a process to reach the insured or the beneficiary(ies), as the case may be, in order for them to receive payment while the claim thereunder is not barred by prescription.

In the case that the company makes indemnity under the life insurance contract by a check, and the insured or the beneficiary(ies), as the case may be, fail to collect payment thereunder from the bank until the lapse of the collection period hereunder, such payment shall be deemed to be an outstanding payment under the life insurance contract, and the company must pursue the process in order for that person to receive payment according to the first paragraph.

(6) In the case that the company refuses to make indemnity under the life insurance contract, or the amount thereof cannot be agreed upon, the company shall notify the insured or the beneficiary(ies), as the case may be, thereof in writing, stating the facts and reasons for that

refusal, together with the points of law or conditions under the insurance policy, or clarifying the reasons why the company cannot make indemnity according to the claimed amount. The notice shall also specify the channel and method for contacting the company in the case that the insured or the beneficiary(ies) have any question about the result of consideration and the indemnity under the life insurance contract.

The documents and evidence supporting a claim, the channel for contacting the company, and the period for considering and making indemnity under the first paragraph shall be in accordance with the rules attached hereto.

Clause 10 In the case that the company engages a third person to provide services relating to the operation under this notification, the company must have an engagement agreement with essential terms that must include the details concerning the wage rate and operating expense, the details of the expenses supporting the operation, and the period of the operation relating to the provision of services to the company. The company must exercise oversight and control in order for that person to perform duties according to the agreement, and to make testimony, provide opinions, or submit relevant documents and evidence to the Registrar or officer upon the request of the Registrar or officer.

The provisions under the first paragraph shall not apply to outsourcing the services with the permission of the Registrar or officer under section 36 of the Life Insurance Act, B.E. 2535 (1992), as amended by the Life Insurance Act (No. 2), B.E. 2551 (2008).

Clause 11 The company must set up a complaint unit within the company, in order to consider complaints that the insureds or the beneficiaries, as the case may be, wish the company to consider and handle, subject to the following rules:

(1) The executive who has the power to make final decisions on complaints shall be the person in charge of controlling the handling and consideration of indemnity under life insurance contracts.

(2) In the case of complaints that are complicated or involve a large amount of money, the final decisions shall be made by a committee consisting of the executive who has the power to make final decisions on complaints, the responsible person, the unit in charge of considering the indemnity, the underwriting unit, the legal unit, and the compliance unit.

The company may otherwise specify the composition of the committee under the first paragraph, with the approval of its board of directors.

(3) The complaint unit shall complete consideration of a complaint within the period specified by the company, but no more than 30 days from the date of receiving that complaint or additional documents (if any).

(4) In the case that the company agrees to make indemnity under a life insurance contract, the company shall complete it without delay.

(5) In the case that the complaint unit confirms an opinion of the officer under clause 9(6), it shall notify the complainant thereof in writing, stating the reasons for refusal, together with the points of law or conditions under the insurance policy, or clarifying the reasons why the indemnity cannot be made to the complainant according to the claimed amount.

(6) The company shall keep information relating to its action for reporting to the Office upon request.

Clause 12 The company must be ready in terms of sufficient and quality personnel, and must prepare manuals for the systems under clause 7, manual of the operation under clause 9, and manual of the operation of the complaint unit under clause 11, including work manuals for relevant

employees at all levels. These manuals must be in writing, up-to-date, and consistent with the company's business conduct guideline, and must be available for inspection by an officer upon request. The Office may instruct the company to amend these manuals, including the systems and relevant operation process, as appropriate.

Clause 13        The company must disclose the procedures and process of a claim for indemnity under a life insurance contract in respect of each type of life insurance on its website, for information of the public, stating all the documents and evidence that the insured or the beneficiary(ies), as the case may be, must produce in filing a claim for indemnity under a life insurance contract and the channel for contacting the company, including the period for considering and making indemnity under a life insurance contract.

The documents and evidence supporting a claim, the channel for contacting the company, and the period for considering and making indemnity under the first paragraph shall be in accordance with the rules attached hereto.

Clause 14        In the case that the company has an amount of indemnity payments under life insurance contracts which are barred by prescription under law, the company shall remit it to the life insurance fund according to the rules specified by the fund.

Notified on 29 January 2016.

Somchai Satchapong  
Permanent Secretary for Finance  
Chairman  
The Insurance Commission

## Rules attached to the Notification

### Rules Regarding the Documents and Evidence Supporting a Claim, the Channel for Contacting the Company, and the Period for Making Indemnity under a Life Insurance Contracts by the Life Insurance Company

#### Clause 1 Claim for benefits under a life insurance contract

In the case that an insured, the beneficiary(ies), or the statutory heir(s) of an insured, as the case may be, wish to claim benefits under a life insurance contract, they can file a claim with the company at its head office or branch office.

#### Clause 2 Documents and evidence supporting a claim

An insured, the beneficiary(ies), or the statutory heir(s) of an insured must submit the following documents and evidence supporting a claim, as the case may be:

(1) For the surrender of an insurance policy to receive cash surrender value and the application for a policy loan:

- (a) an insurance policy;
- (b) a loan application form or an insurance policy surrender form, as the case may be.

(2) For a claim under an insurance policy in the case of death due to disease:

- (a) the insured's insurance policy and the benefit claim form(s) of (all) the beneficiary(ies) in accordance with the form prescribed by the company;
- (b) copies of the citizen identification card(s) and house registration(s) of the beneficiary(ies), with presentation of the original copy(ies);
- (c) a copy of the death certificate, with presentation of the original copy;
- (d) a copy of the house registration, in which the name of the dead insured has been struck out, with presentation of the original copy;
- (e) a consent form of the beneficiary(ies) or heir(s) for the disclosure of background;
- (f) a physician's report in the case of death at a hospital or health facility.

(3) For a claim under an insurance policy in the case of death due to accident or any other cause:

- (a) the insured's insurance policy and the benefit claim form(s) of (all) the beneficiary(ies) in accordance with the form prescribed by the company;
- (b) copies of the citizen identification card(s) and house registration(s) of the beneficiary(ies), with presentation of the original copy(ies);
- (c) a copy of the death certificate, with presentation of the original copy;
- (d) a copy of the house registration, in which the name of the dead insured has been struck out, with presentation of the original copy;
- (e) a consent form of the beneficiary(ies) or heir(s) for the disclosure of background;

- (f) a physician's report in the case of death at a hospital or health facility.
  - (g) a copy of the police daily report relating to the case, which is certified to be true copy by the inquiry official;
  - (h) a copy of the autopsy report.
- (4) For a claim under an accident insurance policy in the case of non-fatal accidents:
- (a) a compensation claim form;
  - (b) a physician's report in accordance with the form prescribed by the company.
- (5) For a claim in the case of medical expenses:
- (a) a medical expense claim form;
  - (b) a report of the health facility's physician;
  - (c) the original copy of the receipt, and a summary of medical expenses.
- (6) For a claim in the case of dread disease insurance:
- (a) a compensation claim form;
  - (b) a physician's report in accordance with the form prescribed by the company.
  - (c) a copy of the insured's citizen identification card;
  - (d) medical documents that are necessary for the consideration of respective diseases.
- (7) For a claim in the case of policy maturity:
- (a) an insurance policy;
  - (b) a copy of the insured's citizen identification card.

**Clause 3 Period for considering and making indemnity under a life insurance contract**

Upon receiving a claim from an insured, the beneficiary(ies), or the statutory heir(s) of an insured, together with complete documents and evidence specified in clause 2, the company shall complete the consideration and indemnity under the life insurance contract within a period as specified below.

- (1) In the case of surrender of an insurance policy to receive cash surrender value, the company shall complete the consideration and indemnity within 20 days.
- (2) In the case of application for a policy loan, the company shall complete the consideration and indemnity within 15 days.
- (3) In the case of a claim under an accident insurance (non-fatal case) or health insurance, a claim for medical expenses, or a claim under a dread disease insurance, the company shall complete the consideration and indemnity within 15 days.
- (4) In the case of a claim for payment by the company under an insurance policy apart from that under clauses 3(1), (2) and (3), but excluding the payment under clause 5, the company shall complete the consideration and indemnity within 15 days.
- (5) In the case of a policy maturity or dividend payment, the company shall make payment under the insurance policy or pay dividend to the insured within 15 days from the date of

maturity of the insurance policy or the date on which the company is required to make such payment, as the case may be.

Clause 4            Extension of the period for considering and making indemnity under a life insurance policy

In the case that there is a reasonable doubt that a claim lodged with the company for its indemnity under an insurance policy as per clauses 3(3) and (4) is not in accordance with the coverage under a life insurance contract, the company may extend the prescribed period as necessary, but no more than 90 days from the date on which the company receives complete documents under clause 2.

With respect to the burden to prove that the claim for indemnity lodged with the company is not in accordance with the coverage under the life insurance contract, it shall be the company's duty to seek additional evidence. The insured, the beneficiary(ies), or the statutory heir(s) of the insured, as the case may be, must provide the facts and reasonably facilitate the company.

Clause 5            Indemnity under a life insurance contract later than the prescribed period

In the case that the company makes indemnity later than the period prescribed in clause 3, or the extended period in clause 4, the company shall be responsible for interest during the default at 15 percent per annum.

Clause 6            Prescription of rules, procedures, and conditions for indemnity under a life insurance contract which are different from those prescribed herein

In the case that the company issues an insurance policy which prescribes the rules, procedures, and conditions for indemnity thereunder which are different from those prescribed herein, only the part favorable to the insured, the beneficiary(ies), or the statutory heir(s) of the insured, as the case may be, shall be enforced.