

Commissioner Notification

Re: Rules, Procedures, and Conditions on Preparation of Risk-Based Capital Report of Life Insurance Company

B.E. 2554 (2011)

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By virtue of section 27/5 of the Life Insurance Act, B.E. 2535 (1992), amended by the Life Insurance Act (No. 2), B.E. 2551 (2008), the Commissioner issues the following notification.

Clause 1 This notification is called the "Commissioner Notification Re: Rules, Procedures, and Conditions on Preparation of Risk-Based Capital Report of Life Insurance Company, B.E. 2554 (2011)."

Clause 2 This notification shall come into force from 1 September 2011 onwards.

Clause 3 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 law governing life insurance, and shall include the branch office of a foreign life insurance company that is licensed to undertake the life insurance business in the Kingdom under the law on life insurance;

"certified public accountant" means a certified public accountant under the law on accounting profession;

"actuary" means an actuary under the law on life insurance.

Clause 4 The company shall prepare risk-based capital reports ("RBC report") as follows:

(1) annual RBC report;

(2) quarterly RBC report (March, June, and September); and

(3) monthly RBC report (January, February, April, May, July, August, October, November, and December).

Clause 5 Subject to clause 10, clause 11, clause 12, and clause 13, the preparation of the RBC report per clause 4 shall be in accordance with the following rules, procedures, and conditions.

(1) The company shall calculate the capital in accordance with the Notification of the Insurance Commission Re: Prescribing the Types and Kinds of Capital Funds as well as Rules, Procedures, and Conditions for the Calculation of Capital Funds of Life Insurance Companies, except for the monthly RBC report, in which case the capital shall be calculated by means of estimation as prescribed by the Commissioner.

(2) The company shall value the assets and liabilities of the company in accordance with the Notification of Insurance Commission on the Valuation of Assets and Liabilities for Life Insurance Companies, except for the monthly RBC report, in which case the assets and liabilities shall be valued by means of estimation acceptable to the Commissioner.

(3) The company shall use the following forms:

- (a) the form per attachment 1 hereto for the annual RBC report;
- (b) the form per attachment 2 hereto for the quarterly RBC report; and
- (c) the form per attachment 3 hereto for the monthly RBC report.

(4) The company shall submit the RBC report to the Commissioner within the following periods of time:

- (a) within four months from the end date of a calendar year for the annual RBC report;
- (b) within 45 days from the end date of each quarter for the quarterly RBC report; and
- (c) by the end of the following month for the monthly RBC report.

(5) The annual RBC report shall be audited by a certified public accountant and certified by an actuary.

(6) The quarterly RBC report in the second quarter of every year (June) shall be reviewed by a certified public accountant and certified by an actuary.

Clause 6 The company shall submit to the Commissioner the RBC report using the form in attachment 2 hereto that has been reviewed by the certified public accountant and certified by the actuary, every month until the Commissioner orders otherwise, if the company has a capital adequacy ratio lower than the following ratios:

- (1) 125 percent from the date on which this notification comes into force until 31 December 2012; and
- (2) 140 percent from 1 January 2013 onwards.

Clause 7 In the case of a reasonable cause, the Commissioner may order any of the following:

- (1) order the company to procure another certified public account and/or actuary accepted by the Commissioner to review or audit the report again at the company's expense; or
- (2) order the company to revise the RBC report. If the company fails to make a revision as instructed by the Commissioner, it shall be deemed that the company did not submit the report.

Clause 8 The company shall provide correct and complete information to the certified public accountant and actuary for use in the review or audit of the RBC report.

Clause 9 With respect to submission of a report under this notification, the company shall submit the report in an electronic form in accordance with the system determined by the Office, and in the form of a hard copy with correct and identical information.

Clause 10 The company shall present the quarterly RBC report in the second quarter of every year to the Commissioner within 60 days from the end date of the quarter, from the date on which this notification comes into force until 2014.

Clause 11 The certified public accountant may audit the report using the agreed-upon procedures in place of reviewing the RBC report as prescribed in clause 5 (6), clause 6, clause 7 (1), and clause 8 until the Federation of Accounting Profession issues an auditing standard notification on review of reports other than financial reports.

Clause 12 The quarterly RBC report in the third quarter of 2011 (September) shall be audited in accordance with the agreed-upon procedures by the certified public accountant and certified by the actuary. The company shall present the report to the Commissioner by 30 November 2011.

Clause 13 The monthly RBC report in October of 2011 shall be presented by the company to the Commissioner by 15 December 2011.

Notified on 31 August 2011.

Chantra Purnariksha

Secretary-General

Insurance Commission

Commissioner