

Commissioner Order No. 61/2543

Re: Revision of Fire Insurance and Individual all risks insurance Premium Rates

As the Commissioner deems it expedient to revise the fire insurance and individual all risks insurance premium rates to be appropriate and consistent in practice, by virtue of section 30, paragraph two, of the Non-life Insurance Act, B.E. 2535 (1992), the Commissioner therefore issues the following order.

Clause 1 The Commissioner Order No. 41/2540 Re: Revision of Fire Insurance Policy, Warranty, Fire Insurance Premium Rate, and Individual all risks insurance Special Tariff Rate, dated 19 May 1997, only the part regarding the rules on application of special premium rate for fire insurance; and Commissioner Order No. 18/2542 Re: Revision of Individual all risks insurance Premium, dated 21 May 1999, shall be repealed.

Clause 2 In this order,

"affiliated companies or juristic partnerships" means two companies or juristic partnerships, or more, having a relation of any one of the following natures:

(1) no less than 25 percent of the number of shareholders or partners in one juristic person are no less than 25 percent of the number of shareholders or partners in the other juristic person;

(2) shareholders or partners holding shares or partnership interest no less than 25 percent of the total capital in one juristic person hold shares or partnership interest no less than 25 percent of the total capital in the other juristic person;

(3) one juristic person holds shares or partnership interest no less than 25 percent of the total capital in the other juristic person; or

(4) no less than 25 percent of the number of directors or partners with management authority in one juristic person are directors or partners with management authority in the other juristic person.

Clause 3 Fire insurance and individual all risks insurance premium rates shall be applied to property insurance of the same owner, or the affiliated companies or juristic partnerships, for one or several locations of property under one or several policies as follows.

3.1 Fire insurance

(1) With respect to taking out of fire insurance with a sum insured from Baht 300 million to Baht 2 billion, the premium rate at no less than 0.085 percent up to no more than 2.375 percent of the sum insured per annum shall be applied.

If the insured agrees to bear the deductible, the company shall reduce the premium to be consistent with the deductible amount. However, the premium rate applied shall not be lower than 0.045 percent of the sum insured per annum.

(2) With respect to taking out of fire insurance with a sum insured more than Baht 2 billion, the company shall apply the premium rate up to no more than 2.375 percent of the sum insured per annum.

3.2 Individual all risks insurance

(1) With respect to taking out of individual all risks insurance with a sum insured from Baht 300 million to Baht 2 billion, the premium rate at no less than 0.09 percent up to no more than 2.5 percent of the sum insured per annum shall be applied.

If the insured agrees to bear the deductible, the company shall reduce the premium to be consistent with the deductible amount. However, the premium rate applied shall not be lower than 0.05 percent of the sum insured per annum.

(2) With respect to taking out of individual all risks insurance with a sum insured more than Baht 2 billion, the premium rate up to no more than 2.5 percent of the sum insured per annum shall be applied.

The taking out of any fire insurance or individual all risks insurance with the average loss ratio in the past three years of no more than 30 percent of premium for three years in aggregate, the company shall take out domestic reinsurance of no less than 30 percent of the sum insured.

Clause 4 With respect to taking out of fire insurance or individual all risks insurance with a sum insured in each type lower than Baht 300 million for one or several locations of property, the following premium rates shall be applied.

4.1 With respect to taking out of fire insurance, the premium rate in accordance with the fire insurance tariff rates shall be applied.

4.2 With respect to taking out of individual all risks insurance, the premium rate at no less than 105 percent of the fire insurance premium rate prescribed in clause 4.1 up to 2.5 percent of the sum insured per annum shall be applied.

Clause 5 This order shall be applied to the taking of fire insurance and individual all risks insurance whose coverage commences on and from 1 November 2000.

Given on 2 October 2000

Norawat Suwan

Director-General of the Insurance Department

Commissioner