

INSURANCE DEVELOPMENT PLAN VOL. 2 (2010-2014)

The Insurance Development Plan is a national plan, which resulted from the public and private sectors' determination to set measures to develop the insurance system in Thailand. The Insurance Development Plan consists of clear insurance supervisory and developmental policies as well as the trend of the insurance business sector operations. The cabinet resolution has acknowledged the Insurance Development Plan (Vol. 2) (B.E. 2553 – 2557) on 14 September 2010.

The evaluation of the current condition of the insurance industry can conclude that the Thai insurance industry is still quite small in size when compared to the size of the Thai economy. In 2009, the insurance penetration rate was quite low at only 4.07 percent. The reasons behind the low insurance penetration rate are as follow.

1. Insufficient knowledge, understanding, and confidence of the people in the insurance system
2. Inability of the private sector to adapt to the international supervisory standards
3. The structure of the Thai insurance industry
4. Basic structure needed for insurance development
5. Intense internal competition as a result of rapid change

Therefore, the OIC has consulted relevant parties including the public and private sectors as well as experts in insurance from educational institutions in order to conduct the Insurance Development Plan Vol. 2 (2010-2014). The Insurance Development Plan contains information on the insurance business development trends, which focus on strengthening the Thai insurance system, developing the quality of the system to meet international standards in order to prepare the insurance business for free trade in the future.

Vision: “the insurance system is an important mechanism in ensuring the stability of all social status to have strength, meet international standards and future challenges”.

Mission:

1. To strengthen confidence and access to the insurance system
2. To strengthen the stability of the insurance system
3. To upgrade the quality of service and protection of policyholders' interests
4. To promote the infrastructure of the insurance business

The Insurance Development Plan (Vol. 2) (B.E. 2553 – 2557) has set important measures, which will foster the development of the insurance system as follow.

Measure 1: To build more confidence and awareness of the importance of insurance as well as better insurance access for the people

Measure	Goal	Goal for 2014
1.1 Promote insurance knowledge to the people 1.2 Develop insurance products to meet the changing risks of the people 1.3 Develop the distribution channels and the service system 1.4 Develop the code of best practice for insurance intermediary 1.5 Strengthen the role of the insurance system in corporate social responsibility (CSR)	<u>People and society</u> - People's trust and awareness of the importance of insurance - Contribute to the stability of the economy and society	- Insurance Penetration = 6 % (2009 = 4.07 %) - Insurance Density = 7,500 Baht (life=4,200 baht and non-life=3,300 baht) (2009=4,600 baht) - Life Insurance Policy to Total Population = 40 % (2009=26.75 %) - Micro Insurance Product Growth Rate = 20 % from 2010

Measure 2: To strengthen the capacity of the insurance system

Measure	Goal	Goal for 2014
2.1 Strengthen the insurance system 2.1.1 Audit and supervise insurance company by using Risk Based Supervision (RBS) - Analyze and audit insurance company the new way - Add Prompt Preventive Actions	<u>Insurance Company</u> - Insurance companies has capacity for competition - Thai insurance system expands in accordance with the economy and financial system	- Capital Adequacy Ratio = 120 % - Decrease approval period of insurance policy = 25 % - The increased number of form and premium rate approved by file & use = 30%

Measure	Goal	Goal for 2014
<p>2.1.2 Use Risk Management and Risk-Based Capital Approach</p> <ul style="list-style-type: none"> - Promote investment of insurance company - Risk-Based Capital Approach <p>2.1.3 Prepare insurance company for transformation into a public company and persuasive measures for acquisition</p> <p>2.1.4 Consolidated supervision</p> <p>2.1.5 Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)</p> <p>2.2 Build insurance company's capacity for competition</p> <p>2.2.1 Insurance product development process</p> <p>2.2.2 Reduce costs of insurance</p> <p>2.2.3 Strengthening the capacity for insurance retention</p> <p>2.2.4 Implementing measures to prepare the insurance business for free trade in ASEAN by 2020</p>		

Measure 3: To improve the standard of service and protection for policyholders' interests

Measure	Goal	Goal for 2014
<p>3.1 Reform the law concerning policyholders' interests</p> <p>3.2 Set a standard for insurance service</p> <p>3.3 Improve the system for policyholders' protection</p> <p>3.4 Set up a natural catastrophe funding project</p>	<p><u>People and insurance company</u></p> <ul style="list-style-type: none"> - Policyholders are protected - Insurance company provides services that meet the standard 	<ul style="list-style-type: none"> - All insurance companies maintain standardized operational system ready for services (Insurance Core Principles) - To design the structure and administration system of insurance dispute resolution organization

Measure 4: To promote the infrastructure of insurance

Measure	Goal	Goal for 2014
<p>4.1 Strengthen the human resource capacity of the insurance business system</p> <p>4.2 Improve the tax system for the development of the insurance business</p> <p>4.3 Set guidelines for product development in the capital market for insurance business</p> <p>4.4 Operate according to the accounting standard and asset evaluation</p> <p>4.5 Strengthen the IT capacity</p> <p>4.6 Improve the law concerning insurance</p> <p>4.7 Establish the OIC Advanced Insurance Institute</p>	<p>- Establish a basis structure necessary for insurance system development</p>	<p>- 70 % of life insurance company has actuaries with Fellow level; 70 % of non-life insurance company has actuaries with required criteria</p> <p>- 20 % of insurance intermediaries can become insurance advisors</p> <p>- I-Site as information base</p> <p>- Insurance law amended</p>