Insurance Outlook in Thailand

8th November, 2019
Formation of Thai General Insurance Association

The integration of 3 prominent Associations in 1967
The New Landmark of Insurance Industry

Moving forward to be the center of insurance “Knowledge” “Training” & “Information”…

ติดต่อได้ที่:
📞 0 2108 8399  ♦️ general@tgia.org  🌐 www.tgia.org
✉️ https://goo.gl/maps/18nSXkWsQfn
### Number of Insurance Companies in Thailand
(As at 31st August, 2019)

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Local Company</th>
<th>Foreign Branch</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Life Insurance</td>
<td>48</td>
<td>5</td>
<td>53</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Reinsurer</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Members of Thai General Insurance Association (TGIA)**

- **Local Incorporated Direct Companies**: 52
- **Foreign Branches**: 5
- **Professional Reinsurer**: 1
- **Total**: 58
Life Insurance growth from 1969 to 2018
8,026 times

Non-Life Insurance growth from 1969 to 2018
507 times

Growth in Thai Direct Life and Non-Life Insurance
Premium: 1969 to 2019

Life Insurance
Non-Life Insurance

2018
627,387 [2.7]

2018
231,990

2019F
241,270 - 243,590 (4% - 5%)

608,565 - 627,387 (-3% - 0%)
# Thai Life & Non-Life Insurance Penetration and Density: 2002-2018

## Insurance Penetration (Direct Premium per GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Life</th>
<th>Non-Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.84</td>
<td>1.42</td>
</tr>
<tr>
<td>2017</td>
<td>3.88</td>
<td>1.41</td>
</tr>
<tr>
<td>2016</td>
<td>3.90</td>
<td>1.44</td>
</tr>
<tr>
<td>2015</td>
<td>3.91</td>
<td>1.52</td>
</tr>
<tr>
<td>2014</td>
<td>3.78</td>
<td>1.55</td>
</tr>
<tr>
<td>2013</td>
<td>3.42</td>
<td>1.57</td>
</tr>
<tr>
<td>2012</td>
<td>3.16</td>
<td>1.45</td>
</tr>
<tr>
<td>2011</td>
<td>2.91</td>
<td>1.24</td>
</tr>
<tr>
<td>2010</td>
<td>2.74</td>
<td>1.16</td>
</tr>
<tr>
<td>2009</td>
<td>2.68</td>
<td>1.14</td>
</tr>
<tr>
<td>2008</td>
<td>2.28</td>
<td>1.10</td>
</tr>
<tr>
<td>2007</td>
<td>2.22</td>
<td>1.11</td>
</tr>
<tr>
<td>2006</td>
<td>2.07</td>
<td>1.13</td>
</tr>
<tr>
<td>2005</td>
<td>2.14</td>
<td>1.11</td>
</tr>
<tr>
<td>2004</td>
<td>2.18</td>
<td>1.14</td>
</tr>
<tr>
<td>2003</td>
<td>2.11</td>
<td>1.13</td>
</tr>
<tr>
<td>2002</td>
<td>2.00</td>
<td>1.09</td>
</tr>
</tbody>
</table>

Unit: %

## Insurance Density (Direct Premium per Capita)

<table>
<thead>
<tr>
<th>Year</th>
<th>Life</th>
<th>Non-Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>9,249</td>
<td>3,420</td>
</tr>
<tr>
<td>2017</td>
<td>8,873</td>
<td>3,229</td>
</tr>
<tr>
<td>2016</td>
<td>8,390</td>
<td>3,100</td>
</tr>
<tr>
<td>2015</td>
<td>7,984</td>
<td>3,111</td>
</tr>
<tr>
<td>2014</td>
<td>7,455</td>
<td>3,063</td>
</tr>
<tr>
<td>2013</td>
<td>6,612</td>
<td>3,042</td>
</tr>
<tr>
<td>2012</td>
<td>5,873</td>
<td>2,699</td>
</tr>
<tr>
<td>2011</td>
<td>4,967</td>
<td>2,118</td>
</tr>
<tr>
<td>2010</td>
<td>4,493</td>
<td>1,896</td>
</tr>
<tr>
<td>2009</td>
<td>3,944</td>
<td>1,679</td>
</tr>
<tr>
<td>2008</td>
<td>3,400</td>
<td>1,631</td>
</tr>
<tr>
<td>2007</td>
<td>3,117</td>
<td>1,556</td>
</tr>
<tr>
<td>2006</td>
<td>2,696</td>
<td>1,479</td>
</tr>
<tr>
<td>2005</td>
<td>2,546</td>
<td>1,319</td>
</tr>
<tr>
<td>2004</td>
<td>2,376</td>
<td>1,245</td>
</tr>
<tr>
<td>2003</td>
<td>2,106</td>
<td>1,124</td>
</tr>
<tr>
<td>2002</td>
<td>1,835</td>
<td>995</td>
</tr>
</tbody>
</table>

Unit: Baht

Source: Office of Insurance Commission
National Economic and Social Development Board of Thailand

Unit: Million Baht


Total

Motor

Misc.

Fire.

Marine

Source: Office of Insurance Commission compiled by IPRB

Currency exchange rate in 2018 US$ 1: Baht 32.3104
Thai Non-Life Insurance Portfolio Mix by Classes of Business: 2018

Motor MC + Motor MV constituted 59% Market Share

Motor Compulsory

Marine

Fire

Other
Miscellaneous

Health

PA

IARs

Accident & Health 17%

Source: Office of Insurance Commission
Comparison of Direct Premiums and Portfolio Mix: 1987 and 2018

**Source:** Office of Insurance Commission

**Direct Premiums: Baht 7.5 Billion and Portfolio Mix in 1987**

- Fire: 35.99%
- Health: 0.51%
- Other: Miscellaneous: 18.45%
- Motor: 37.25%
- Marine: 7.80%

**Direct Premiums: Baht 232.0 Billion and Portfolio Mix in 2018**

- Motor: 50.93%
- Fire: 4.37%
- Marine: 2.38%
- Health: 4.05%
- Other: Miscellaneous: 7.50%
- PA: 12.62%
- IARs: 10.37%

*What’s next???

31 Years After...
Thai Non-Life Insurance Market Share by Distribution Channels: 2012 – 2018

Remark: Broker Channels include Individual Broker, Corporate Broker, Finance & Car Dealer Business, Hypermarket, Convenience Store and Post Office.
Market Share Classified by Company Sizes: 2002-2018

Average 13,013 Million
(38 Times)

Average 2,877 Million
(4.5 Times)

Average 342 Million
(30 Times)
South East Group took over Thai Insurance Plc.

https://www.posttoday.com/finance/insurance/550743

King Wai Group spent 815 m. acquiring QBE (Thailand)"

https://m.mgronline.com/stockmarket/detail/9600000129357

Aetna acquired BUPA Thailand

http://marketeer.co.th/archives/125292

Tokio Marine spent 1.3 billion acquiring Safety Insurance from IAG Australia

https://www.posttoday.com/finance/insurance/555058

Phoenix rebrands after partnership with JP Mart

https://www.matichon.co.th/news-monitor/news_902732

Allianz and Sri Ayudhya Capital merged with eyes on growth

https://www.nationmultimedia.com/detail/Corporate/30368632
Life Assurance 2018: Top 10 Companies
Market Share 91%

Non-Life Insurance 2018: Top 10 Companies
Market Share 62%

Total 22, Direct Life Companies with revenues of Baht **627,387** Million

Top 10 Companies: Life Insurance 2018

Total 58, Direct Non-Life Companies with revenues of Baht **231,990** Million

Top 10 Companies: Non-Life Insurance 2018
# Thai Non-Life Insurance Net Loss Ratio by Line of Business (2002-2018)

## Source
Office of Insurance Commission compiled by IPRB

### 2011 Thailand Mega Flood

<table>
<thead>
<tr>
<th>Year</th>
<th>Motor</th>
<th>Fire</th>
<th>Marine</th>
<th>Miscellaneous</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>63.47%</td>
<td>22.49%</td>
<td>28.76%</td>
<td>53.99%</td>
<td>56.58%</td>
</tr>
<tr>
<td>2003</td>
<td>63.94%</td>
<td>20.56%</td>
<td>26.68%</td>
<td>44.01%</td>
<td>55.84%</td>
</tr>
<tr>
<td>2004</td>
<td>60.92%</td>
<td>23.61%</td>
<td>21.57%</td>
<td>53.79%</td>
<td>55.16%</td>
</tr>
<tr>
<td>2005</td>
<td>59.55%</td>
<td>22.68%</td>
<td>25.57%</td>
<td>50.89%</td>
<td>53.92%</td>
</tr>
<tr>
<td>2006</td>
<td>60.97%</td>
<td>19.80%</td>
<td>29.06%</td>
<td>50.11%</td>
<td>53.37%</td>
</tr>
<tr>
<td>2007</td>
<td>60.01%</td>
<td>25.63%</td>
<td>27.06%</td>
<td>49.02%</td>
<td>54.99%</td>
</tr>
<tr>
<td>2008</td>
<td>56.55%</td>
<td>14.88%</td>
<td>23.19%</td>
<td>47.88%</td>
<td>51.41%</td>
</tr>
<tr>
<td>2009</td>
<td>57.45%</td>
<td>17.93%</td>
<td>24.35%</td>
<td>45.52%</td>
<td>51.93%</td>
</tr>
<tr>
<td>2010</td>
<td>57.94%</td>
<td>18.80%</td>
<td>26.73%</td>
<td>53.18%</td>
<td>53.79%</td>
</tr>
<tr>
<td>2011</td>
<td>54.53%</td>
<td>141.10%</td>
<td>165.76%</td>
<td>696.34%</td>
<td>176.41%</td>
</tr>
<tr>
<td>2012</td>
<td>57.23%</td>
<td>81.10%</td>
<td>34.70%</td>
<td>24.03%</td>
<td>51.24%</td>
</tr>
<tr>
<td>2013</td>
<td>58.34%</td>
<td>6.13%</td>
<td>23.51%</td>
<td>-8.36%</td>
<td>41.98%</td>
</tr>
<tr>
<td>2014</td>
<td>57.80%</td>
<td>11.27%</td>
<td>25.14%</td>
<td>19.26%</td>
<td>47.01%</td>
</tr>
<tr>
<td>2015</td>
<td>61.08%</td>
<td>11.45%</td>
<td>29.34%</td>
<td>37.90%</td>
<td>52.72%</td>
</tr>
<tr>
<td>2016</td>
<td>63.44%</td>
<td>13.39%</td>
<td>26.05%</td>
<td>41.31%</td>
<td>54.90%</td>
</tr>
<tr>
<td>2017</td>
<td>63.81%</td>
<td>14.15%</td>
<td>30.31%</td>
<td>42.79%</td>
<td>55.83%</td>
</tr>
<tr>
<td>2018</td>
<td>65.25%</td>
<td>14.40%</td>
<td>32.80%</td>
<td>42.25%</td>
<td>56.74%</td>
</tr>
</tbody>
</table>
## Overall Combined Ratio of 46 Companies

<table>
<thead>
<tr>
<th>Overall Combined Ratio (%) of 46 Companies</th>
<th>Motor Combined Ratio (%) of 46 Companies</th>
<th>Non Motor Combined Ratio (%) of 46 Companies</th>
<th>Combined Ratio (%) of 46 Companies by Line of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.5% Overall</td>
<td>106.7%</td>
<td>81.50%</td>
<td>Motor 62.8% Fire 63.3% Marine 86.3% Miscellaneous</td>
</tr>
</tbody>
</table>

## Combined Ratio (%) of 46 Companies by Company Size

<table>
<thead>
<tr>
<th>Combined Ratio (%) of 46 Companies by Company Size</th>
<th>More than 5,000 Million Baht</th>
<th>From &gt; 3,000 to &lt; 5,000 Million Baht</th>
<th>From &gt; 1,000 to &lt; 3,000 Million Baht</th>
<th>From &gt; 300 to &lt; 1,000 Million Baht</th>
<th>Less than 300 Million Baht</th>
</tr>
</thead>
<tbody>
<tr>
<td>97.2%</td>
<td>9 Companies Motor Premium (62.3%) Non-Motor Premium (37.7%)</td>
<td>7 Companies Motor Premium (67.3%) Non-Motor Premium (32.7%)</td>
<td>12 Companies Motor Premium (47.1%) Non-Motor Premium (52.9%)</td>
<td>11 Companies Motor Premium (44.2%) Non-Motor Premium (55.8%)</td>
<td>7 Companies Motor Premium (68.3%) Non-Motor Premium (31.7%)</td>
</tr>
<tr>
<td>106.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Combined Ratio (%) of 46 Companies by Line of Business

- Motor: 62.8%
- Fire: 63.3%
- Marine: 86.3%
- Miscellaneous: 100%
Thailand Non-Life Insurance: Claims Payments

**Total (US$ million)**
- Motor: 2,481
- Fire: 4,215
- Marine: 1,714
- Misc.: 314
- Total: 8,453

**Unit: Million Baht**

*Source: Office of Insurance Commission*

*Figures: In Million Baht *

*Average Loss Ratio excluding 2011 Thailand Mega Flood*

*Exchange Rate @ 1US$ = 32 Baht*
Thai Non-Life Insurance Net Underwriting Profit (2012-2018)

Source: Office of Insurance Commission
Thai Non-Life Insurance Net Underwriting Profit (2012-2018)

Source: Office of Insurance Commission
Trends in 2019-2020

**Market Movements**

- GDP Growth 2 -2.5%!!!
- Government Investment
  - Local Consumption
- EEC Mega Projects
- Government Crop
  - Insurance Schemes
- Growth in Tourism

**Market Concerns**

- Trade War & Price War!!!
- Declining Interest Rate
- Political Uncertainty
- Market Consolidation
- New Housing Loans Slowdown
- Declining New Cars Sales
- Export Contraction
- Impact from IFRS 17
“Key Challenges”…. on the future of Thai Insurance Market... !!!

1. **Harder-to-please customers**
   - Customer complaints
   - Customer retention
   - Social Sanction

2. **Market Liberalization**
   - De-Tariffication
   - De-Commission

3. **Demographic Changes**
   - Aging population and aged society
   - Increasing urbanization

4. **Insurance Frauds**
   - Claims syndicates
   - Collusion of staff

5. **Market Consolidation through M&A**

6. **Extreme Environmental Conditions and Catastrophes**
   - Flood
   - Tsunami
   - Windstorm
   - Earthquake
“Key Challenges”…. on the future of Thai Insurance Market... !!!

7 Human Capital Resources
- Shortage of talented staff
- Recruit...Retrain...Reward...Retain...
- Refine mindset, reskill & upskill
- Talent movement across ASEAN insurance markets

8 Regulatory Intervention and Scrutiny
- Insurers are required to comply with higher number of regulations
- Stringent rules in doing business: ERM, ORSA, IFRS 9 & IFRS 17
- More disclosure and transparency

9 Financial, Economic and Political Conditions
- Uncertainty in macroeconomic environment
- Global and regional financial impacts (Trade War)
- Political uncertainty
- Terrorism

10 Technological Advancements
- Digital Distruption
- Big Data
- InsurTech/FinTech
Thank You Very Much

ขอบคุณครับ