Insurance and Reinsurance in Thailand: Overview

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Country Q&A | Law stated as at 01-Sep-2026 | Thailand

A Q&A guide to insurance and reinsurance in Thailand.

The Q&A gives a high-level overview of the regulatory framework for insurance and reinsurance activities; rules relating to authorisation of insurers and reinsurers and insurance intermediaries; ownership restrictions; ongoing requirements; penalties for non-compliance with regulatory requirements; sales and marketing of insurance/reinsurance services; transfer of risk; reinsurance contracts and risks; contracts and policies; claims; dispute resolution; insolvency; and tax.

Regulatory Framework

1. What is the main legislation and regulatory authorities for insurance and reinsurance activities in your jurisdiction?

Regulatory Framework

Insurance contracts are governed by the Civil and Commercial Code and the Life Insurance Act B.E. 2535 (1992) and the Non-Life Insurance Act B.E. 2535 (1992) (Insurance Acts).

In August 2022, the Thai Cabinet approved the following draft amendments to the Insurance Acts:

- Applying the same corporate governance regulations to Thai-licensed insurers and foreign-licensed insurers.
- Requiring the maintenance of risk-based capital (RBC) at a minimum level set by law, although the OIC can order an increase of RBC if the risk is high or expected to be high.
- Adopting certain procedures to deal with company financial problems to secure business stability.
- Adjusting and increasing penalties to be in line with the current economic situation and business conditions, with all offences punished by penalty fines without the need to prosecute a case in court.

The amendments are expected to come into effect soon.

Thailand has few laws and regulations on reinsurance and international reinsurance business. The OIC has issued a notification to govern local insurer reinsurance contracts (Notification Re: Reinsurance Requirements for Life and Non-Life Insurance Companies B.E. 2566, 2023).

Regulatory Bodies

The *Office of the Insurance Commission (OIC)* is the main regulator for all life and non-life insurance activities in Thailand.

Regulations issued by the OIC have no extraterritorial power over foreign insurers that do not have a legal presence in Thailand. The OIC has no extraterritorial authority over an offshore reinsurer.

2. Which types of insurance and reinsurance activities and insurers are regulated in your jurisdiction?

There is no specific definition of insurance business in Thailand. The Civil and Commercial Code defines insurance as a contract in which:

- One party agrees to provide compensation or to pay a sum of money on a contingent loss or a future event.
- The other party agrees to pay a sum of money, called a premium.

The OIC regulates all insurance contracts and any transactions falling under this definition.

The main type of non-life insurance in Thailand is motor insurance. Other types of non-life insurance include fire, property, and transport insurance.

The main types of insurance in Thailand are not set out in any specific legislation. There are no (re-)insurance related activities/contracts that fall outside the scope of the (re)-insurance regulation.

Authorisation

Insurers and Reinsurers

3. What authorisations are required to carry out insurance and reinsurance activities in your jurisdiction and how are they obtained?

Application

Acting as an insurer or a reinsurer in Thailand without a licence is prohibited (Insurance Acts). The Thai insurance market has limited local capacity and the government's long-standing policy is not to issue any new insurance business licences. In practice, new players can only enter the Thai insurance market through M&A transactions. For information, the official licensing procedure is as follows.

Generally, two forms of entities can apply for or hold an insurance business licence:

- A public company incorporated in Thailand.
- A branch office of a foreign insurer (see *Question 5*).

A licence application must be made by the company's promoters to the Ministry of Finance. The application process is set out in section 6 of the Non-Life Insurance Act and section 7 of the Life Insurance Act.

At minimum, the following documents must be attached to the licence application:

- A copy of the certificate and letter of certification showing the registration, names, and powers of the company's directors, with details of the location of the head office.
- A copy of the company's memorandum of association.
- A copy of the minutes of the meeting establishing the company.
- A copy of the company's articles of association.
- A copy of the company's shareholder register.
- A letter of certification showing the company's registered capital and amount of paid-up capital.
- Financial status documents.
- The format and text of the insurance policy and the insurance premium rates that the company will submit for approval from the registrar for the first operation.

Conditions

On approval by the Minister of Finance, the promoters must:

- Form a public limited company.
- Submit a security deposit to the OIC Registrar (see *Question 34*).
- Maintain an adequate capital fund (see *Question 11*) within six months of incorporation.

Key individuals do not require individual approvals. There are requirements for the directors, managers, and authorised persons of the insurer (see *Question 11*).

Certain Ongoing corporate governance and risk management requirements apply (see *Question 11*).

Key Stages and Timing

A licence is issued on satisfaction of the above conditions. If a company is unable to satisfy the capital and deposit requirements within six months of incorporation, the approval is deemed to be revoked.

There is no specific or usual time period in which the Minister of Finance must consider and decide an application. Currently, the Minister of Finance has no policy to grant new licences for new applicants.

Duration and Renewal

Licences are not issued for a specific duration and there are no renewal provisions.

Insurance Intermediaries

4. How are insurance intermediaries regulated? What authorisations do they require?

Reinsurance and Insurance Intermediaries

The two main types of (re)insurance intermediaries in Thailand are a (re)insurance broker and a (re)insurance agent.

Broker. An insurance or reinsurance broker is defined as a person who, expecting a commission, indicates an opportunity or arranges for a person to enter into a non-life or life insurance contract with an insurer (Non-Life Insurance Act and Life Insurance Act).

A broker must obtain a licence from the OIC and can be an individual or a legal entity.

Key individuals (a broker) working for an insurance broker must obtain an individual insurance broker licence, unless they are appointed as a director, manager, or employee of the insurance company. A director must also pass a test with the OIC before obtaining a broker licence.

A legal entity acting as an insurance broker can obtain a single licence covering its insurance-related activities. However, the authorised persons/directors of a legal entity acting as a broker must pass a test set by the OIC.

Broker and agent licence applications must be made using the OIC prescribed form. A legal entity must meet the following conditions:

- Be a private company under the Civil and Commercial Code, a public company under the Public Company Act, or a financial institution under the Financial Institutions Act.
- Have its headquarters in Thailand. Insurance brokerage business is reserved for Thais under the Foreign Business Act B.E. 2542 (see *Question 9*).
- Have among its business objectives life or non-life insurance brokerage business, or both.
- Have paid-up capital of at least THB3 million.
- Not have a director with prohibited characteristics, for example, a former broker whose licence has been revoked (OIC Notification Re: Regulations and Conditions for Issuance of a Non-Life Broker Licence and a Life Broker Licence for an Entity B.E. 2562 (2019)).
- Ensure that its director or person authorised to manage the brokerage business passes the knowledge test required under the above OIC Notifications.
- Have staff or employees acting on its behalf who are licensed to act as a life or non-life insurance broker.
- Not be subject to a period of suspension of a non-life insurance broker licence, life insurance broker licence, or life insurance agent licence.
- Not have had a broker licence revoked in the five-year period before the date of the licence application.
- Have no record of dishonesty, unethical, or irresponsible conduct, including joint-conduct or acting in a supporting role, in the previous five years, that may adversely impair its credibility as a life or non-life insurance broker. Records are kept in the OIC database for verification.

(Notification B.E. 2562 (2019) of the Insurance Commission Re: Criteria, Procedures, and Conditions for the Application for, Approval, and Renewal of Life and Non-life Insurance Agent and Non-life Insurance Broker Licences as amended.)

An individual must meet similar conditions and pass a broker knowledge test.

A broker must maintain and renew its licence annually and pay the renewal fee. When applying for renewal, a broker must pass the relevant training. A broker must submit registers and accounts in the prescribed form to the OIC.

Agent. An insurance agent is defined as a person engaged by an insurer to induce persons to enter into a non-life or life insurance contract with the insurer (Non-Life Insurance Act and Life Insurance Act). An agent must obtain a licence from the OIC which is specific to the relevant insurer. Agent licences are only granted to individuals, who must:

- Be legally competent.
- Be domiciled in Thailand.
- Not be incompetent (lack legal capacity) or quasi-incompetent (as adjudged by the court).
- Not have been sentenced to imprisonment, on final judgment, for dishonest property offences, unless the sentence was completed at least five years before the application date.
- Not be bankrupt.
- Not be a broker (life or non-life, as relevant).
- Not have had an agent or broker licence revoked in the five-year period before the licence application date.
- Have studied non-life/life insurance business at an institute prescribed by the OIC Registrar, or have passed an exam on non-life/life insurance knowledge, according to the subjects and procedures prescribed by the IOC Registrar.
- Have studied conducting insurance intermediary business. This training is also required to renew the licence.

(Non-Life Insurance Act and the Life Insurance Act.)

An agent must maintain and renew its licence annually and pay the renewal fee. When applying for renewal, an agent must pass the relevant training.

Other Providers of Insurance and Reinsurance Activities

Loss adjuster. A loss adjuster is a legal person that has been granted a loss adjuster licence by OIC. A licensed loss adjuster must meet all the following requirements:

- Be a limited company under the Civil and Commercial Code or a public limited company under the law on public limited companies.
- Have its head office or a branch office located in Thailand.
- Have an objective to carry out loss adjuster business.

- Maintain a sound financial position, with payment for shares made by its shareholders or at least THB1 million paid-up capital.
- Has retained at least one qualified surveyor.

A legal person intending to apply for a loss adjuster licence must not be any of the following:

Subject to a suspension of its loss adjuster licence.

Had its loss adjuster licence revoked in the five years before the date of submission of the licence application.

Have any negative records or history of irresponsibility.

Loss adjusters and actuaries must maintain and renew their licences every year. Renewal fees are payable.

Exemptions and Foreign Insurers

5. Are there exemptions or exclusions from authorisation or licensing? Are there specific exemptions or exclusions for foreign entities to carry on insurance or reinsurance business in your jurisdiction?

There are no exemptions or exclusions from authorisation or licensing.

A foreign insurer can set up a branch office in Thailand with the required licence (see *Question 3*). The foreign insurer must mostly meet the same conditions as a local insurer.

Restrictions on foreign ownership of insurers and insurance brokers apply (see *Question 9*).

Thailand has not entered any equivalence arrangements with other jurisdictions.

Fronting

6. Is fronting prohibited or are there any limitations to such an insurance arrangement?

Fronting is quite common in reinsurance contracts between Thai cedants and foreign insurers and there are no statutory restrictions on fronting, particularly where the cedant only retains a small part of the risk and is used for the fronting. The reinsurance arrangement must comply with the reinsurance management framework in the OIC Notification Re: Reinsurance for Non-Life and Life Insurance Companies B.E. 2566, 2023.

Legal Forms

7. What legal forms are generally used for insurance and reinsurance business? Does a specific corporate form have to be used?

Insurance business can only be carried out by a public limited company or a branch office of a foreign insurer (Insurance Acts). Generally, a foreign branch office does not have to be in any specific corporate form.

All insurers must be licensed (see *Question 3*).

Restrictions on Insurance Activities

8. Are there restrictions on the types of insurance activities that authorised entities can carry out? Can insurers and reinsurers carry on non-insurance business?

Generally, a licensed insurer and reinsurer can only conduct the type of business specified in its licence. Generally, an insurer and a reinsurer cannot carry on non-insurance business. The Insurance Acts list the activities that insurers cannot carry out. For example, a non-life insurer cannot conduct life insurance and a life insurer cannot conduct non-life insurance.

OIC Regulations impose certain conditions on how insurers can invest their funds, for example, investment ratios. Insurers can invest funds or retain assets in, or enter into contractual agreements related to:

- Bank deposits.
- Debt.
- Equity.
- Hybrids.

- Investment units.
- Futures agreements.
- Structured products.
- Loan extensions, car hire-purchase leases, and loan guarantees and letters of guarantee.
- Securities transactions, including under repurchase agreements.
- Certain land and property leases.
- Back-office services and conducting securities and commercial banking services for other institutions.
- Certain securities activities.
- Private equity.
- Mutual investment funds for real estate.
- Mutual investment funds for basic infrastructure for investment registered abroad.
- Investment in loans for basic infrastructure under a syndicated loan with a commercial bank for a foreign borrower.
- Syndicated loans for basic infrastructure.
- Holding 20% or more of the total shares in a private company to conduct other business activities (OIC Notification Re: Investment in Other Business Operations of Non-Life and Life Insurance Companies B.E. 2568, 2025, which replaced the previous B.E. 2556 (2013) notification), as follows:
  - leasing immovable property only to prevent wasteful economic loss or to prevent deterioration of the assets;
  - operating supporting business, which the insurer must perform in its normal course of business for other persons, for example, claims management, accounting, HR, and compliance; and
  - holding equity instruments to operate other businesses.

Ownership Restrictions

9. Are there restrictions on the ownership or control of insurance-related entities in your jurisdiction?

Insurance and Reinsurance Providers

To operate in Thailand, at least 75% of the voting shares of an insurer must be held by either:

- Thai individuals or Thai non-registered partnerships in which all partners are Thai nationals.
- Entities registered in Thailand that have more than 50% of their voting shares held by persons falling within the first criterion above, or by a parent company fulfilling the same conditions.

(Insurance Acts.)

The insurer must have at least five directors and at least 75% of the directors must be Thai nationals. However, an insurer with foreign participation can apply to the following (as set out in specific notifications of the Ministry of Finance and an OIC Notification):

- The OIC, which can permit up to 49% foreign ownership (subject to certain conditions and criteria) and can permit foreign directors to be more than 25% but less than 50% of the total number of directors.
- The Ministry of Finance, which can permit up to 100% foreign ownership, and more than half of the insurer's board to be foreign directors. The insurer must:
  - have a sufficient capital adequacy ratio, as prescribed by the OIC;
  - be an insurance company or a company engaged in a business that supports, or is related to, the insurance industry;
  - have at least ten years' expertise and experience related to, and supporting, the insurance business;
  - be financially stable and have a credit rating, or have a parent company with a credit rating, of at least "A" issued by a reputable credit rating agency, with an international network of business operations;
  - have a clear direction for its business operation policy and technology transfer plan to develop the company's business operation system, to promote the company's efficiency and ability to compete in the market; and

- have sufficient financial capability and a business operation plan to support and promote the insurer's stability or the overall insurance industry.

Once permission is issued, among other requirements, the company must maintain a total available capital of at least THB1 billion for a non-life insurer, or THB4 billion for a life insurer, throughout its business operation period.

There are restrictions on a transfer of business or merger of an insurer (see *Question 14*).

Insurance and Reinsurance Intermediaries

An insurance broker must have its head office in Thailand. Insurance brokerage business is reserved for Thais under the Foreign Business Act B.E. 2542. To operate in Thailand, an insurance broker company with a 50% or more foreign shareholding must obtain a foreign business licence or a foreign business certificate (depending on the type of business).

10. Must owners or controllers notify or obtain approval before taking, increasing, or reducing their control or ownership of an insurance-related entity?

An insurer must notify the OIC of any change in shareholding that gives rise to a breach of the foreign investment restrictions (see *Question 9*).

Further, any change in shareholders, whether Thai or foreign, must be reported to the OIC if the change involves shareholders directly holding 5% or more of the company's total shares.

A transfer of business or merger of an insurer is subject to OIC prior approval (see *Question 14*).

Ongoing Requirements

11. What are the key ongoing requirements for an authorised entity?

An insurer must maintain the prescribed capital adequacy ratio. There is a risk-based capital (RBC) regime (second amendment to the Insurance Acts, No. 2, 2008) that relates capital requirements and solvency margins according to insurance, marketing, credit, and clustered portfolio risks. The fair value of assets is calculated using market value instead of book value or amortised value. Debt is calculated using gross premium valuation for life insurance, and international standards including the chain ladder method for non-life insurance, instead of a fixed formula calculation using net premium value.

A non-life insurer must maintain reserve funds mainly for:

- A net written premium up to at least the value of the premium reserve value after reinsurance.
- Claims up to at least the value of the total claim reserve after reinsurance.

An insurer must also:

- Maintain a deposit with the OIC (see *Question 34*).
- Report annually in the form prescribed by the OIC.
- Comply with statutory requirements about approval of policy wording (see *Question 20*) and premium rate (an insurer's premium rate must be approved by OIC).
- Comply with statutory requirements about investment activities.

A non-life insurer's investment activities are governed by the OIC Notification Re Investments and Other Business Operations of Non-Life Insurers B.E. 2013, as amended. The insurer must prepare its investment policy and investment plan in writing and submit them to the OIC annually. Insurers can also retain a professional investment advisory firm with prior consent from the OIC Registrar. The Notification imposes detailed rules on investment proportions depending on the issuer/owner of the assets.

On approval from the OIC Registrar, a non-life insurer can hold 10% or more of the equity instruments issued by a foreign entity.

A non-life insurer can hold more than 20% of the equity instruments issued by a legal entity that is any of the following:

- A limited company established for the benefit of the Thai insurance market and approved by the OIC Registrar.
- A limited company authorised to operate as a life insurance broker.
- A non-life reinsurer that can purchase equity instruments of life reinsurers with authorisation from the OIC Registrar.
- A life or non-life insurer for the purpose of financial rehabilitation.
- An entity providing medical services, care services for the elderly (or long-term care services), or technology beneficial to the insurance business.

A non-life insurer can conduct business relating to the stock exchange as a marketing agent of private funds or in providing marketing services for stock exchange companies or commercial banks according to the laws on financial institution business.

An insurer must have a corporate governance framework approved by its board and must submit it to the OIC, and conduct an annual audit to ensure it remains appropriate for current operations (OIC Regulation on Corporate Governance of Non-Life

Insurance Companies). The board composition and its processes must be suitable for the insurer's size and complexity and market conditions. Directors must not:

- Be bankrupt.
- Have been sentenced to imprisonment for any offences against property.
- Be a director in a revoked insurer at the time of the revocation unless appointed by the OIC at that time.
- Be a director in another licensed insurer.
- Be a director who was removed by the OIC.
- Be a political official or person holding a political office, a government official, or an OIC officer.
- Have a record showing a lack of responsibility or due care reasonable to expect of an insurance professional.

The insured or customers can file a complaint with the OIC according to the procedure in OIC Regulation Re: Filing and Considering a Complaint about an Insurance Activity, BE 2564 (2021) (see *Question 31*).

The OIC has categorised outsourcing of insurance activities into three groups:

- Main activities material to the insurance business, that is, solicitation or brokerage of insurance products, underwriting, receiving premiums, claim adjudication, and loss adjustment. These must only be performed by licensed entities or persons.
- Activities that support the insurance business. These can be outsourced with the OIC Registrar's permission and certain requirements may apply.
- Other activities. Outsourcing is permitted and the insurer must have certain procedures to regulate their service providers, for example, IT services, internal auditors, financial auditors, and security.

There are no ongoing fit and proper person requirements for senior managers.

There is no OIC regulation on managing financial crime risks, including money laundering, terrorist financing, financial and trade sanctions, fraud, bribery and corruption, and cyber risk. There is only a guideline for insurance companies related to know your client, customer due diligence, and enhanced due diligence, which elaborates on the Anti-Money Laundering Act and related notifications.

There are no ongoing insurer requirements relating to climate change and sustainable finance and the use of technology, digitisation of products, and services.

Penalties for Non-Compliance

12. What are the penalties for non-compliance with the regulatory requirements?

Insurance and Reinsurance Providers

The Insurance Acts impose a wide range of penalties for breach of any of the regulatory requirements by a licensed entity and by an entity operating an insurance business without a licence, including either or both of the following:

- Fines of THB200,000 to THB500,000, and THB20,000 per day for continuing offences.
- Imprisonment of two to five years.

The OIC has investigatory powers that are actively enforced in practice.

An insurance contract made by an unlicensed entity may be enforceable but policyholders cannot benefit from the statutory protections that apply to a contract with a licensed entity. There are no remedies for policyholders in these circumstances.

For reinsurance, a breach of the Notification Re: Reinsurance Requirements for Life and Non-Life Insurance Companies B.E. 2566, 2023, in terms of receipt, retention, and remittance of premiums, and information disclosure and handling of customer data, is a criminal offence. The offender is subject to the penalties in the Insurance Acts, including a fine up to THB500,000, and an additional daily fine of THB20,000 for continuing offences.

Insurance and Reinsurance Intermediaries

An agent that enters into a contract on an insurer's behalf without appropriate authority is liable to imprisonment of up to two years, or a fine of THB200,000, or both (Non-Life Insurance Act and Life Insurance Act).

A broker who collects a premium without the insurer's written authorisation is liable to imprisonment of up to two years, or a fine of up to THB200,000, or both.

The draft amendments to the Insurance Acts (see *Question 1, Regulatory Framework*) set out new offences and penalties. Prosecution has previously relied on the Criminal Code. The amendments allow tighter control of offences through more industry-specific regulations and prosecutions by the OIC. This helps ensure public criminal prosecution, which is allowed under Thai criminal law, and limits possible settlements. The new offences include:

- A fraudulent claim.
- Offering or accepting bribes for the payment of claims or other benefits under an insurance policy.

- Enticing a person to enter into an insurance contract by deceit or misrepresentation, without actually binding that person to the insurance contract.

Penalties for violating these provisions extend to managing directors, or other persons responsible for a corporate broker's business operations, who have a duty to give directions that comply with the provisions on agents and brokers, and whose command, action, or omission causes the violation.

Other Providers

A person acting as an adjuster without an OIC licence is liable to up to three years' imprisonment or a fine up to THB300,000, or both.

An adjuster that makes a false report of inspection or assessment is liable to up to two years' imprisonment, or a fine of up to THB200,000, or both.

An actuary who makes a false statement certifying a report on the calculation of insurance policy liability, a false report, or provides false documents in connection with such a report, is liable to imprisonment of up to two years, or a fine of up to THB200,000, or both.

Sales and Marketing

13. Are there any requirements or restrictions on how insurance/reinsurance services are sold and marketed?

Only a licensed insurer, broker, or agent can sell insurance products to customers (Non-Life Insurance Act and Life Insurance Act).

In July 2026, the OIC issued a Notification establishing guidelines for unlicensed persons, including influencers, bloggers, and content creators, who publish insurance-related content through digital media, including social media platforms (OIC Notification Re: Best Practices for Unlicensed Persons Publishing Insurance Content via Digital Media B.E. 2569, 2026).

The Notification distinguishes between activities that constitute "offering for sale" of insurance products (which require a licence) and permissible general information sharing.

Activities that require a licence include:

- Providing personalised insurance advice.
- Recommending specific products for specific individuals.

- Receiving compensation tied to policy volumes or premiums.

Permissible activities without a licence include:

- Sharing general insurance knowledge.
- Explaining insurance concepts.
- Presenting factual product information without personal recommendations.
- Sharing personal experiences with proper disclaimers.

For paid advertising engagements commissioned by an insurer or sales agent, the Notification requires written agreements specifying duties, content scope, approval procedures, and non-performance-based compensation.

Advertisers must disclose their paid status and whether they hold an agent or broker licence.

Content creators must continuously monitor published content and comment sections, promptly correct or remove inaccurate information, and maintain records of advertising activities.

The Notification also prohibits foreign insurers promoting insurance products not licensed in Thailand.

On 2 June 2026, the OIC released draft notifications proposing a major overhaul of the rules governing the issuance, offering for sale, and advertising of both life and non-life insurance policies, amending the existing 2020 (B.E. 2563) regulations.

Key proposed changes include:

- Mandatory electronic policy delivery as the default, with printed copies available only on policyholder opt-out.
- A requirement for insurers to immediately submit issued policies and coverage summaries to the OIC's centralised policy information system via electronic means, enabling consumers to independently access and verify their policy information.
- Enhanced face-to-face sales conduct obligations, including mandatory identity verification of the salesperson, proof of authorisation, and disclosure of cancellation rights.
- A prohibition on agents and brokers using another person's name or licence in connection with policy sales.
- Stricter advertising governance requiring pre-publication review and approval systems with written evidence, continuous monitoring of published advertisements, and three-day incident reporting to the OIC for violations.

- When engaging third parties (including influencers) for advertising, the insurer remains fully liable, written agreements must specify duties, responsibilities, and penalties, and compensation cannot be tied to the volume or value of insurance contracts sold.

- Formalised premium collection and refund procedures, including written guidelines to be filed with the OIC within 90 days of the effective date.

- For non-life insurance specifically, premiums for annual or short-term policies must be collected within 60 days from the start of coverage, with motor insurance premiums to be collected in full before the policy takes effect (with limited exceptions for severe disasters).

Most provisions are proposed to take effect on publication in the *Government Gazette*, while the electronic policy delivery and central system submission requirements are scheduled to take effect in 2027.

Transfer of Risk

14. Are there any restrictions on the transfer of insurance or reinsurance business and risk? Is there a specific mechanism for this?

A transfer of business or merger of an insurer is subject to OIC prior approval (Non-Life Insurance Act and Life Insurance Act).

Where an insurance business transfer results in a change of insurer, the transferee must notify the insured of the right of objection. A novation of the insurance contract with the insurer being replaced by the new insurer will occur unless the insured objects to the business transfer (Fourth amendments to the Insurance Acts, effective 21 November 2019). An insurer can register its merger with the OIC and the Department of Business Development if written consent is obtained from every creditor, without having to wait for the objection period to expire. The transferee of an insurance business can replace the transferor in a court dispute and subrogate the right of a creditor or debtor under a court judgment.

For reinsurance, an insurer must prepare a reinsurance management framework (RMF) to be approved by its board of directors (OIC Notification Re: Reinsurance for Non-Life and Life Insurance Companies B.E. 2566, 2023). Insurers must submit their RMF and reinsurance efficiency analysis report to the OIC within 90 days of the effective date of a treaty reinsurance period. There is no specific mechanism to transfer risk in reinsurance.

Reinsurance Contracts and Risks

15.Is facultative or treaty reinsurance more common? What are the most common clauses in reinsurance policies?

Facultative/Treaty Reinsurance

Both facultative and treaty reinsurance are common and used extensively in Thailand. Thailand's limited local insurance capacity means that high-value complex risks tend to be heavily reinsured in international markets, particularly London and Singapore.

Common Clauses

Although generally (but not exclusively) subject to Thai law, reinsurance contracts tend to use international or London market slips and wordings.

Arbitration clauses are commonly included in international reinsurance agreements to enable the local cedant to enforce the reinsurance contract against the reinsurer in its home jurisdiction.

Follow the fortune or similar clauses are common in treaty reinsurance, while facultative reinsurance often grants reinsurers a degree of claims control or co-operation.

16. Can insurers cede risks without limitation to foreign reinsurers?

Local insurers can cede risks without limitation to foreign reinsurers. A local insurer was previously required to cede 5% of risk to the main local reinsurer, *Thai Reinsurance Public Company Limited*, but this restriction is now voluntary and commonly followed.

17. Does a reinsurance company typically monitor the claims, settlements and underwriting of the cedant company?

Typically, a reinsurer's ability to monitor the claims, settlements, and underwriting of the cedant company depends on the terms of the reinsurance contract, as there are no specific regulations on this issue.

In facultative reinsurance between a Thai cedant and a foreign reinsurer, claims co-operation or claims control clauses are common, particularly where the cedant only retains a small part of the risk or is used for fronting purposes.

In treaty reinsurance, follow the settlement and similar clauses are common, so that the rights of the reinsurer to participate in or challenge claims decisions made by the cedant are significantly restricted.

18. Does the cedant company have disclosure/notification obligations to the reinsurance company?

There are no specific laws or regulations in Thailand imposing specific disclosure or notification obligations on a cedant. The general provisions of the Commercial and Civil Code applying to insurance contracts apply equally to reinsurance and a general duty of good faith in contracts applies.

Therefore, the reinsurance contract is voidable if the cedant knowingly omits to disclose facts that would have induced the reinsurer to raise the premium or not enter into the contract, or knowingly makes false statements about these facts. The right to void the contract must be exercised within one month, and the reinsurer cannot void the contract if it knew, or should have known, of these facts.

Contracts and Policies

Content Requirements and Common Clauses

19. What is a contract of insurance for the purposes of the law and regulation? How does it differ from a contract of reinsurance?

The definition of insurance under the Civil and Commercial Code is a contract in which:

- A party agrees to provide compensation or to pay a sum of money on a contingent loss or a future event.
- The other party agrees to pay a sum of money called a premium.

There is no separate definition of a reinsurance contract. The general provisions of the Commercial and Civil Code applying to insurance contracts apply equally to reinsurance.

20. What are the main general form and content requirements for insurance policies? What are the most common clauses?

Form and Content Requirements

Under the Civil and Commercial Code, an insurance contract is not enforceable unless it is evidenced in writing and signed by the insurer's authorised officer, and the policy must specify:

- The insured subject matter.
- The risk assumed by the insurer.
- The insurable interest, if it has been fixed.
- The sum insured.
- The amount of the premium and method of payment.
- If the period of cover is fixed, when it commences and ends.
- The insurer's and the insured's name or trade name.
- The beneficiary's name, if any.
- The date of the insurance contract.
- Where and when the policy was made.

In addition, all policy wording must be approved by the OIC before being issued, otherwise the insurer will be fined and penalised.

There are no minimum coverage requirements. The insured must have an insurable interest in the insurance contract.

Common Clauses

See above, *Form and Content Requirements*. Insurance policies also commonly include:

- An arbitration clause to submit the dispute to the OIC arbitration centre (see *Question 31*).
- A choice of governing law.

- Double insurance.
- In contractors' all risks and marine cargo policies, a sue and labour clause.

Implied Terms

21. Are any terms implied by law or regulation (even if not included in an insurance or reinsurance contract)?

The OIC requires a standard form arbitration clause to be included in all insurance contracts issued by licensed insurers in Thailand (see *Question 31*). If it is not included, it will be implied into the policy.

The Civil and Commercial Code also requires insurers to pay insureds for:

- The actual amount of loss.
- Any damage caused to insured property by reasonable measures taken to prevent the loss.
- All reasonable expenses incurred to preserve the property from the loss.

The insurer must also bear the expenses for valuing the loss. These terms are implied into any insurance policy that does not specify them.

Under Thai law, a general duty of good faith applies to all contracts, and no higher standard is specified in relation to insurance contracts.

Customer Protections

22. How do customer protections in general law affect insurance contracts? What customer protections are generally included in insurance policies to supplement this?

General Law

General consumer protection in Thailand is governed largely by the Consumer Protection Act 1979 and Consumer Case Procedure Act 2008. They aim to increase access to justice for consumers, for example, by shifting the burden of proof to the business operator, removing the requirement to pay court fees when issuing proceedings, and granting courts power to award punitive damages (see *Question 30*) against business operators.

Claims under insurance contracts are generally judged to be consumer claims under the Consumer Case Procedure Act, even if the policyholder is a corporate entity. Reinsurance disputes are not subject to the Consumer Case Procedure Act.

Insurance Policies

All policy wording must be approved by the OIC before being issued, otherwise the insurer will be fined and penalised.

The OIC's mandatory arbitration clause (see *Question 31*) intends to give the consumer an option to resolve a dispute with its insurer that is more cost-effective and less time-consuming than court proceedings.

Standard Policies or Terms

23. What are the main standard policies or terms produced by trade associations or relevant authorities?

All policy wordings must be registered with and approved by the OIC. There are no standard policies or terms produced by a trade association or the OIC.

Claims

Establishing a Claim

24. What must be established to trigger coverage under an insurance policy?

Regardless of any notice requirements in the policy wording, the insured or beneficiary under the policy must give notice to the insurer of any loss occurring without delay after becoming aware of the loss (Civil and Commercial Code).

Failure to give notice without delay does not entitle the insurer to deny coverage, but the insurer can claim compensation for any damage suffered due to the delayed notification, unless the insured can prove that it was impracticable to comply with the notice requirement.

There is no standard format for notice of a claim.

The information that must be typically provided to the insurer when making a claim is set out in the policy.

The insured has no statutory obligation to co-operate with the insurer but is usually required to do so in the insurance contract.

Time Limits

25. Is there a time limit outside of which the insured/reinsured is barred from making a claim?

The Civil and Commercial Code imposes a two-year prescription period for insurance claims, which starts to run from the date of the loss and cannot be extended or waived. The prescription period may be interrupted in certain circumstances, including where the insurer has acknowledged (admitted) the claim, made partial payments, or in consumer contracts where negotiation is ongoing. Otherwise, the claim is time-barred after expiry of the two-year period, unless court proceedings or arbitration proceedings have been initiated within the two-year period.

Problematically, Thai Supreme Court decisions have applied the two-year limitation period to reinsurance claims, meaning that an insurer's right to claim from its reinsurer under facultative or treaty reinsurance contracts could be extinguished before claims have been finalised and settled under the underlying contract.

Subrogation

26. Does an insurer have subrogation rights to claim against third parties who have caused loss to the insured? What conditions must be satisfied to do this?

Generally, an insurer has subrogation rights to claim against third parties that have caused loss to the insured, subject to the Civil and Commercial Code. The insurer is subrogated into the position of the insured when the insured has received compensation in full from the insurer, up to the value of the amount paid. In practice, the insurer must require the insured to sign a release and subrogation form on receipt of compensation to evidence the subrogation.

Third Party Claims

27. In what circumstances can third parties claim under an insurance policy?

Generally, only a person named as the insured or a beneficiary in the insurance policy can claim against the insurer.

An injured third party can receive compensation directly from an insurer providing liability insurance to the party causing the injury (section 887, Civil and Commercial Code). A third party can issue proceedings directly against the insurer if the insured is included as a co-defendant in the action. The insurer is not discharged from its liability to the injured person by paying the compensation to the insured, unless it can prove that the insured has already paid the compensation to the injured third party.

28. Can the original policyholder or other third party enforce the reinsurance contract against a reinsurer?

There is no statutory right for the original policyholder or other third party to bring an action directly against a reinsurer for coverage. Cut-through clauses are sometimes included in reinsurance contracts and reflected in the underlying policy. The enforceability of these clauses requires compliance with a number of conditions in the Civil and Commercial Code to exercise third-party contract rights. For example, the third party must seek the court's approval to add the reinsurer into the proceedings as a co-defendant with the insurer.

Even if there is no cut-through clause, the Thai courts have occasionally at their discretion allowed a reinsurer to be joined to proceedings between the insured and insurer, and have granted an award payable directly by the reinsurer to the underlying insured.

If the insurer is insolvent/cannot provide coverage, the insured cannot generally claim directly against the reinsurer.

The government has funds to provide compensation if the policy holder cannot claim.

Insurance of Punitive Damages

29. Are punitive damages insurable? Can punitive damages be reinsured if they are covered by an underlying policy?

Punitive damages are rare in Thailand and can only be awarded under certain legislation, for example, the Consumer Case Procedure Act 2008 and the Product Liability Act 2008. There is no specific prohibition of the insurance of punitive damages in Thailand, but insurers are not liable for losses caused by bad faith or gross negligence by the insured or beneficiary, or for losses resulting directly from the inherent vice of the subject of the insurance. The conditions under the Consumer Case Procedure Act

2008 to justify an award of punitive damages usually amount to bad faith or gross negligence (see *Question 30*). An insurance policy purporting to provide coverage for such an award is therefore unlikely to be enforceable.

Remedies for Breach of Policy

30. What remedies are available to the insurer and to the insured for breach of the insurance policy by the other party? On what basis are they claimed?

Insurer's Remedies

If the insured acts in bad faith and in breach of its general duty of good faith and makes a misrepresentation, a life or non-life insurer can refuse to pay the claim and nullify or cancel the insurance policy within one month of knowing or becoming aware of these acts, as usually set out in the insurance policy. The insurer can also claim damages for breach of the insurance contract. The burden of proof is on the insurer, under the Civil Procedure Code.

Insured's Remedies

If an insurer refuses to pay amounts due to an insured or beneficiary under an insurance policy, the insured can refer the matter to OIC arbitration (see *Question 31*) or issue proceedings in the civil courts and seek:

- Payment of the amounts that should have been paid under the policy.
- Any additional losses arising from the insurer's failure to pay.
- Interest on the amounts claimed, at 7.5%. Interest can be awarded from the date of loss or from the date the proceedings are issued.

In consumer cases, the court can award punitive damages against the insurer of up to double the amount of actual damages, or up to five times the amount of actual damages in claims valued under THB50,000, if the insured can show that the insurer:

- Wilfully acted to unfairly take advantage of the consumer.
- Intended to cause damage to the consumer.
- Acted in breach of their responsibility as a professional or business person usually trusted by the public.

(Consumer Case Procedure Act 2008.)

An insured consumer is also exempt from paying court fees, which are calculated a proportion of the claim value and can therefore be high (subject to the court's discretion). The court also provides legal assistance for consumers wishing to file a claim against an insurer, who is deemed a business operator under consumer protection laws.

Dispute Resolution

31. Are there special procedures or venues for dealing with insurance or reinsurance complaints or disputes?

The insured or customers can file a complaint with the OIC under the procedure in OIC Regulation Re: Filing and Considering a Complaint about an Insurance Activity, BE 2564 (2021). The complaint can be filed electronically or by hand, post, or through other organisations.

The OIC requires a standard form arbitration clause to be included in all insurance contracts. A dispute arising from an insurance policy under the wording approved by OIC is normally referred to OIC arbitration.

The Consumer Case Procedure Act 2008 provides protections for insured consumers who bring cases in the Thai courts (see *Question 30*).

Commercial risk policies commonly include dispute resolution clauses that do not refer to the OIC arbitration procedure but instead submit to the jurisdiction of the Thai courts or provide for arbitration under the rules of the *Thai Arbitration Institute* or ad hoc arbitration. Complex commercial insurance disputes are commonly referred to the Thai courts or to arbitration.

32. Are arbitration clauses in insurance and reinsurance agreements enforceable? Are they commonly used in commercial insurance disputes?

Arbitration clauses in insurance and reinsurance agreements are enforceable in Thailand, provided they comply with the Arbitration Act and are subject to the mandatory option for the insured to choose OIC arbitration (see *Question 31*).

Complex commercial insurance disputes are commonly referred to arbitration. International reinsurance contracts commonly contain standard arbitration clauses, specifying ad hoc arbitration or arbitration at the Thai Arbitration Institute or another institution.

33. Are choice of forum, venue and applicable law clauses in an insurance or reinsurance contract recognised and enforced?

Thailand is not a signatory to any international treaty on the mutual enforcement of judgments but is a party to the *UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958*. For a contract to be enforceable against a Thai insurer, it is advisable for the parties to submit to the jurisdiction of the Thai courts or to arbitration. The OIC is unlikely to approve policy wording (see *Question 20*) that applies any law other than Thai law.

Reinsurance contracts also generally choose Thai law, but arbitration is more commonly preferred to submitting to the Thai courts, largely because a judgment obtained in Thailand is unlikely to be enforceable in the home jurisdiction of an international insurer since Thailand is not a signatory to any international treaty on the mutual enforcement of judgments.

Insolvency

34. What is the regulatory framework for distressed or insolvent insurance or reinsurance companies? What protections exist for policyholders if the insurance company is insolvent?

A non-life insurer and a life insurer must submit a cash security deposit with the OIC Registrar (Ministerial Regulation No. 5 B.E. 2539). The insurer must submit a fixed amount of THB3.5 million to the OIC Registrar for each type of insurance they intend to provide, for example, fire insurance, motor insurance, transport insurance, and other insurance.

A non-life insurer and a life insurer must also submit a reserve deposit of at least 25% of the total capital reserve for the net written premium to the OIC Registrar, together with reports on the total reserve and the insurer's financial situation.

The deposit and the reserve cannot be enforced against while the insurer is operating. If an insurer dissolves or is declared bankrupt, insureds with an existing right to claim under their policy have the highest priority as creditors over the deposit and the reserve.

The insureds also have preferential rights in the same rank as tax creditors to enforce against the insurer's other assets.

The same rules apply when the insurer's licence is terminated by the OIC (Insurance Acts).

Otherwise, an insurer's bankruptcy largely proceeds according to the Bankruptcy Act, B.E.2483 (AD 1940). This applies to insurers and reinsurers under Thai law.

The OIC does not have powers to try and rescue an insurer before it becomes bankrupt, for example, by trying to agree a rescue plan with its creditors before bankruptcy. The Bankruptcy Court has powers to consider a bankruptcy or rehabilitation programme.

In addition, there are funds to protect policyholders of insolvent insurers (Insurance Acts) (see *Question 37*). The Insurance Acts provide that the funds can be claimed by the insurer's liquidator. Policyholders can seek compensation from the fund for unpaid claims, provided they have brought a claim against the insurer, up to a maximum payment of THB1 million per policyholder. The fund then becomes a preferential creditor of the bankrupt insurer for amounts paid to policyholders.

35. Can excess insurance policies "drop down" to provide coverage if the primary insurer goes into insolvency?

There are no regulations on whether excess insurance policies can "drop down" to provide coverage if the primary insurer goes into insolvency. This is determined by the terms of the policy and is commonly done in insurance contracts in Thailand.

36. Is a right to set-off mutual debts and credits recognised in an insolvency proceeding involving an insurer or reinsurer?

A right to set-off mutual debts and credits is recognised in an insolvency proceeding involving an insurer or reinsurer under the Bankruptcy Act, B.E. 2483 (AD 1940).

Tax

37. What is the tax treatment for insurers, reinsurers, and other persons or entities providing insurance and reinsurance services?

An insurer is subject to corporate income tax (currently 20%) on its net profit (Revenue Code). A life insurer is subject to special business tax (currently 2.75% on interest, service fees, and other fees). A non-life insurer is subject to VAT (currently 7% on premium and stamp duty).

Both life insurance and non-life insurance policies are subject to stamp duty, and its rate depends on the insurance and the circumstances.

Life insurance premiums are not subject to withholding tax. Non-life insurance premiums are subject to a 1% withholding tax.

Life and non-life insurers pay a levy on premiums received that goes into a fund to protect policyholders of insolvent insurers (Insurance Acts). The levy is capped at 0.5%, and currently ranges from 0.2% to 0.3% for non-life insurers and 0.1% to 0.3% for life insurers.

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