

(Translation)

Notification of the Insurance Commission

Re: Rules, Procedures, and Conditions for Non-Thai Persons to Hold Shares Up to 49 Percent of the Total Voting Shares Sold, and for Directors who are Non-Thai Persons to Comprise Less than One-half of the Total Number of Directors of a Life Insurance Company, B.E. 2558 (2015)

By virtue of the fourth paragraph of section 10 of the Life Insurance Act, B.E. 2535 (1992), as amended by the Life Insurance Act (No. 3), B.E. 2558 (2015), together with the resolution of Insurance Commission Meeting No. 7/2558 on 24 July 2015, the Insurance Commission hereby issues the following notification.

Clause 1 This notification is called the "Notification of the Insurance Commission Re: Rules, Procedures, and Conditions for Non-Thai Persons to Hold Shares Up to 49 Percent of the Total Voting Shares Sold, and for Directors who are Non-Thai Persons to Comprise Less than One-half of the Total Number of Directors of a Life Insurance Company, B.E. 2558 (2015)."

Clause 2 This notification shall come into force from the date after the publication in the Government Gazette.

Clause 3 In this notification,

"non-Thai person" means a foreigner under the foreign business law.

Clause 4 A company may apply for permission from the Commission through the Office in order to have non-Thai persons hold its shares up to 49 percent of the total voting shares sold in the following cases:

(1) the company's capital adequacy ratio is, or is likely to be, lower than the level used for supervision under the Notification of the Insurance Commission Re: Calculation of Capital Funds of Life Insurance Companies; or

(2) the company plans to improve its management to enhance its business operation capability and competitiveness.

If the company wishes to increase the number of directors who are non-Thai persons (non-Thai directors) to more than one-fourth, but less than one-half, of the total number of its directors, the company shall also apply for permission from the Commission through the Office.

Clause 5 A non-Thai person who holds shares in the company more than 10 percent of its total voting shares sold must have the qualifications and readiness as follows:

(1) is an insurance company, or a company in the insurance business group, or a financial business that is related to the insurance business;

(2) has financial and operational stability;

(3) has expertise and experience in the undertaking of insurance business;

(4) has creditworthiness and an international network of business operations;

(5) has explicit plans for business operation and the transfer of technology and expertise, in order to support enhancement of the company's business operation capability or potential.

Clause 6 In applying for permission, the company must comply with the following:

(1) The company must have a business operation plan for a period of at least three years, which includes evidence and sufficient details to ensure that it can fully satisfy the following conditions:

(a) there are explicit operating policies and strategies to rectify the company's financial status and operations, improve its management, and enhance its business operation capability and competitiveness;

(b) there is a system for managing and handling various kinds of risks, which can identify, evaluate, control and monitor the company's overall risks;

(c) there is a system for internal audit and control of compliance with relevant regulations, including prevention of conflicts of interest.

(2) The company must have a shareholder structure that is clear and consistent with the law.

(3) If the company wishes to increase the number of non-Thai directors such that they comprise more than one-fourth, but less than one-half, of the total number of directors, these non-Thai directors must have the qualifications and possess no prohibited characteristics as specified by law, and must have the roles, duties, and responsibilities as specified in the Notification of the Office of Insurance Commission Re: Practice Guidelines, Structure, Qualifications, and Code of Best Practice of Directors of Life Insurance Companies and Non-life Insurance Companies.

Clause 7 The company must file an application for permission with the Commission through the Office, together with at least the following documents and evidence to support consideration:

(1) the company's shareholder structures and lists of directors, as at present and in respect of which the permission is sought;

(2) evidence of business operations of the non-Thai shareholder which is issued by the regulatory agency, such as a certificate of incorporation of a company, or a copy of business license, etc.;

(3) the details relating to the non-Thai shareholder, such as diagram and structure of its organization, its expertise, past operating results, and latest financial statements, etc.;

(4) a business operation plan for a period of at least three years, which includes the details relating to business strategies, the transfer of technology and expertise to the company, or the rectification of the company's financial status and operations.

Clause 8 In considering an application, the Office may demand that the company provide further clarification, or submit additional documents or evidence. If the company fails to comply therewith, it shall be deemed that the company does no longer want to file an application for permission.

Clause 9 In granting permission under this notification, the Commission may also specify any conditions or time limits.

Clause 10 After obtaining permission from the Commission, if the company will have any changes in its shareholders which results in more than 10 percent of its total voting shares sold will be held by a non-Thai shareholder who has not been permitted by the Commission to hold more than 10 percent of the company's total voting shares sold, such shareholders must have the characteristics as specified in clause 5, and the company must obtain the Commission's prior permission by filing an application in writing, together with supporting evidence under clause 7, through the Office.

Clause 11 A non-Thai shareholder who holds more than 10 percent of the company's total voting shares sold before the date this notification comes into force may continue to hold shares in the company at the existing percentage. Such shareholder may hold shares in the company in excess of the existing percentage if it has the characteristics under clause 5, and the company obtains the Commission's prior permission by filing an application in writing, together with supporting evidence under clause 7, through the Office.

Notified on 28 December 2015.

Somchai Satchapong
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Chairman
The Insurance Commission