

Notification of the Ministry of Commerce

Re: Criteria, Procedures, and Periods regarded as Non-life Insurance Companies' Act to impede Indemnity Payments or Insurance Premium Refunds

By virtue of Section 5 and Section 36 paragraph two of the Non-life Insurance Act B.E. 2535 (1992), the Minister of Commerce hereby issues this notification prescribing the criteria, procedures, and periods regarded as non-life insurance companies' act to impede indemnity payments or insurance premium refunds, as follows:

Clause 1 The Notification of the Ministry of Commerce Re: Criteria, Procedures, and Periods regarded as Non-life Insurance Companies' Act to impede Indemnity Payments or Insurance Premium Refunds, dated 4 January 2005, shall be repealed.

Clause 2 This Notification shall take effect as from the date following its publication in the Government Gazette onwards.

Clause 3: A Company's act or operation in line with any one of the following criteria, procedures, and periods, shall be regarded as the Company's act to impede indemnity payments or insurance premium refunds to be made to an insured or a beneficiary without due reason or in bad faith:

(1) In the case where damage that is covered under an insurance contract occurs and the parties agree on an amount of compensation for such damage according to the insurance contract, the Company fails to issue any written evidence of such agreed compensation amount signed by its authorized representative;

In the case where a settlement of indemnity is agreed to be made in cash, the Company fails to fix an amount or a particular date of receivability of such agreed sum or fixes a date of receivability of such agreed sum later than 15 days from the date on which the parties have agreed to the settlement; or

In the case where a settlement of indemnity is agreed to be made in other forms, the Company fails to clearly specify a chosen form, place, and period of the settlement, or specifies a period for completing such settlement later than 15 days from the date on which the settlement is agreed upon by the parties, unless it is reasonable to do so, and consent thereto has been obtained from the opposing party.

(2) In the case where a settlement of an indemnity or a premium refund is agreed to be made in cash, a cheque is made for payment of such settlement sum without a named payee, or is postdated later than the end of the period specified in (1).

(3) In the case where a settlement of indemnity or a premium refund is agreed to be made in cash, a cheque drawn for payment of such settlement sum is not honored by a bank.

(4) In the case where an agreement or compromise settlement of the amount of an indemnity or a premium refund under an insurance contract is made in writing by the parties at any stage whatsoever, the Company fails to comply with the written agreement or settlement.

(5) Any Company deliberately violates any provision of an insurance contract or any regulations or rules that clearly imposes liability on the Company to indemnify an insured, a beneficiary, or a person who is entitled to claim or covered under the insurance contract, e.g., liability of the Company to make an advance payment for preliminary compensation, medical expenses, and funeral expenses prior to any proof of liability, etc.

(6) Any Company, through its failure to perform its obligations under an insurance contract, makes it necessary for an insured, a beneficiary, or an injured person to lodge a complaint with the Department of Insurance, and the Department of Insurance rules that the Company is obligated to pay an indemnity under a relevant insurance policy, to comply with certain contractual terms, or to refund an insurance premium, as the case may be, and the Company does not make a written rebuttal or objection to the ruling within 15 days from the date of the Company's acknowledgement of receipt of such ruling, and fails to comply with the ruling.

(7) Any Company, through its failure to perform its obligations under an insurance contract, makes it necessary for an insured, a beneficiary, or an injured person to lodge a complaint with the Department of Insurance, and the Department of Insurance rules that the Company is obligated to pay an indemnity under a relevant insurance policy, to comply with certain contractual terms, or to refund an insurance premium, as the case may be, and the Company has not complied with the ruling but has made a written rebuttal or objection to the ruling within 15 days from the date of the Company's acknowledgement of receipt of such ruling, followed by a lawsuit filed with a court where the court renders a

judgment upholding the Department of Insurance's ruling that requires the Company to pay an indemnity under relevant insurance policy or to comply with certain contractual terms or to refund an insurance premium.

(8) In the case where a Company is adjudicated by a final court judgment to pay an indemnity under a relevant insurance policy, to comply with certain contractual terms, or to refund an insurance premium, as the case may be, the Company fails to comply with the court judgement within the period specified in a legal execution decree.

(9) In the case where an arbitral tribunal renders an award requiring a Company to pay an indemnity under an insurance policy, to comply with certain contractual terms, or to refund an insurance premium, the Company fails to comply with the award within the period specified in the award; or

In the case where an arbitral tribunal renders an award requiring a Company to make an indemnification under an insurance policy, to comply with certain contractual terms, or to refund an insurance premium, the Company fails to comply with the award and files a petition with the court objecting to the award within the period of time specified in the award, and the court renders a final order dismissing the Company's petition or upholding the arbitral award requiring the Company to comply therewith.

(10) In the case where a Company chooses to pay an indemnity through a procurement of a repair, the Company fails to expeditiously complete the repair within 15 days from the date of loss/damage unless there is a reasonable cause and consent has been obtained from the opposing party.

(11) In the case where a Company chooses to pay an indemnity through a procurement of a repair with spare parts to be supplied or delivered by the Company to a repairer or repair shop contractually instructed by the Company, the Company fails to expeditiously deliver such spare parts within 15 days from the date of the contracted repairer's or repair shop's receipt of relevant motor vehicle and repair instructions from the Company; or

In the case where such spare parts are unavailable for sale in the country and must be imported from overseas, the Company fails to issue a purchase order for the spare parts promptly on the date of the Company being informed of such by the contracted repairer or repair shop.

[Translation]

(12) In the case where an insured, a beneficiary or a party covered under an insurance contract is prevented from repossessing a motor vehicle that has been completely repaired by a contracted repairer or repair shop as per the Company's instructions, on account of the repairer's or repair shop's lawful exercise of the right of retention of the vehicle due to the Company's failure to pay for the costs of repair in whole or in part according to the amount agreed to with the repairer or repair shop.

(13) In the case where an insured's motor vehicle is lost and an insured or a beneficiary has made a claim for indemnity against a Company after a relevant complaint about the loss has been lodged with and duly accepted by an Inquiry Officer, the Company fails to pay such indemnity within 15 days from the date on which the Company is informed by the insured or the beneficiary of such loss; or

In the case where any conduct or circumstance indicates any bad faith on the part of an insured or a beneficiary, the Company's complaint is lodged with and duly accepted by an Inquiry Officer for further proceedings, and the Company has informed the Department of Insurance of such circumstance but fails to pay an indemnity for such loss in full within 45 days from the date of loss, unless a prosecution process has been taken against the insured or the beneficiary and is pending.

(14) Upon a termination of non-life insurance contract, the Company fails to refund insurance premiums within 15 days from the date on which the insurance policy ceases to take effect.

(15) In the case where a peril covered by an insurance contract occurs and a complaint is lodged with the Department of Insurance alleging that the Company has failed to complete relevant loss/damage inspection and assessment within 15 days from the date of such loss or damage, unless there is a reasonable cause and the Company has informed the insured, the beneficiary, or the injured person of such unavoidable cause.

Notified on this 27th day of September B.E. 2549

Mr. Karun Kittisathaporn

Permanent Secretary

Acting under the authority of the Minister of Commerce