

[Translation]

Notification of the Insurance Commission

Re: Valuation of Life Insurance Companies' Assets and Liabilities (No. 2)

B.E. 2562 (2019)

By virtue of Section 38 (2) of the Life Insurance Act B.E. 2535 (1992), as amended by the Life Insurance Act (No. 2) B.E. 2551 (2008), together with the resolution of the Meeting of the Insurance Commission No. 10/2019 on 30 September 2019, the Insurance Commission prescribes this Notification as follows:

Clause 1 This Notification shall be called the “Notification of the Insurance Commission Re: Valuation of Life Insurance Companies' Assets and Liabilities (No. 2) B.E. 2562 (2019)”.

Clause 2 This Notification shall take effect as from 31 December 2019 onwards.

Clause 3 The provision of Clause 17 of the Notification of the Insurance Commission regarding Valuation of Life Insurance Companies' Assets and Liabilities B.E. 2554 (2011) shall be repealed and replaced by the following provision:

“Clause 17 Computation of premium reserve in relation to insurance policies with insurance coverage period exceeding one year or in relation to insurance contracts with guaranteed automatic renewals, under which the Company is not entitled to terminate, to make any upwards or downwards adjustment to the premiums, and to amend any benefits throughout the contract period, shall be made in accordance with the following criteria and procedures:

(1) Computation of premium reserve in relation to other insurance policies that do not fall under (2) shall be made in accordance with the following criteria and procedure:

(a) Computation of gross premium reserve shall be made by using a method of gross premium valuation (GPV), based on an assumption of the best estimate of insurance contractual obligations before reinsurance, and a provision for adverse deviations (PAD) of such assumption;

(b) Computation of net premium reserve shall be made by using a method of gross premium valuation, based on an assumption of the best estimate of insurance contractual obligations after a reinsurance, and a provision for adverse deviations (PAD) of such assumption;

(c) Computation of reinsurance recoverable reserve shall be computed by deducting the net premium reserve from the gross premium reserve.

[Translation]

(2) Computation of premium reserve in relation to a personal accident insurance policy or an endorsement to a life insurance policy with coverage on accident or health, which does not cover partial or total disabilities or critical illnesses, shall be made in accordance with the following criteria and procedure:

(a) Computation of gross premium reserve shall be made by using a method of gross premium valuation, based on an assumption of the best estimate of insurance contractual obligations before reinsurance multiplied by 1.16;

(b) Computation of the net premium reserve shall be made by using a method of gross premium valuation, based on an assumption of the best estimate of insurance contractual obligations after reinsurance multiplied by 1.16;

(c) Computation of the reinsurance recoverable reserve shall be made by deducting the net premium reserve from the gross premium reserve.

In this regard, the criteria for the computation of gross premium valuation as well as the assumptions and the provision of adverse deviations for the computation of the gross premium valuation pursuant to (1) (a) (b), and (2) (a) (b) shall be in accordance with the Appendix to this Notification.”

Clause 4 The provision of Clause 19 of the Notification of the Insurance Commission regarding Valuation of Life Insurance Companies’ Assets and Liabilities B.E. 2554 (2011) shall be repealed and replaced by the following provision:

“Clause 19 The provision for adverse deviations at the seventy-fifth percentile confidence interval for the unexpired risk reserve and the claims reserve shall be regarded as a percentage of the best estimate of the unexpired risk reserve and claims reserve, as specified below:

Type of Insurance	Provision for Adverse Deviations at the seventy-fifth Percentile Confidence Interval	
	Premium Reserve Risk	Claims Reserve Risk
Short-term personal accident insurance	16	12
Short-term rider: - Term life insurance - Critical illnesses - Accident insurance	16	12

[Translation]

- Hospital benefit		
- Health insurance		
Short-term group insurance		
- Loss of life coverage	10	8
- Personal accident and health	16	12
- Others	16	12

Notified on this 27th day of December B.E. 2562.

Prasong Poontaneat

Permanent Secretary, Ministry of Finance

Chairman of the Insurance Commission