

Notification of the Insurance Commission

Re: Life Insurance Companies' Investments in Other Businesses, (No. 3)

B.E. 2562 (2019)

By virtue of Section 28 of the Life Insurance Act B.E. 2535 (1992) and Section 3 (2) of the Insurance Commission Act B.E. 2550 (2007), and together with the resolution of the Insurance Commission Meeting No. 7/2019 on 28 June 2019, the Insurance Commission prescribes as follow:

Clause 1 This Notification shall be called the “Notification of the Insurance Commission re: Life Insurance Companies' Investments in Other Businesses (No. 3) B.E. 2562 (2019)”.

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

Clause 3 The following provision shall be added as Clause 24/1 of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013):

“Clause 24/1 A Company shall prepare and submit a report or information relating to its investments in other businesses in accordance with the criteria, procedures, conditions, and periods prescribed and notified by the Registrar.”

Clause 4 The provision of Clause 79 of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses, B.E. 2556 (2013) shall be repealed and replaced by the following:

“Clause 79 A Company may hold ten percent or more of the total equity instruments disposed by a juristic person incorporated under a foreign law, provided that such juristic person must have been granted a license to operate an insurance business, or must have been operating its core business in holding equity instruments of foreign insurance companies, provided that the Company shall comply with the criteria, procedures, and conditions prescribed and notified by the Registrar and shall have obtained the Registrar's written approval, which include any conditions as the Registrar may so prescribe.”

[Translation]

Clause 5 The provision of Clause 81 of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013) shall be repealed and replaced by the following:

“Clause 81 Holdings of a juristic person's equity instruments for the purpose of operating other businesses under Clause 79 and Clause 80 shall be subject to the following conditions:

(1) The total value of equity instruments held by a Company for the purpose of operating other businesses shall not exceed fifteen percent of the Company's total assets;

(2) The Company must maintain a stable financial position and the capability to provide reasonable financial support to the juristic person, the equity instruments of which are held by the Company;

(3) The Company must be consistently capable to control, supervise, and monitor such juristic person's financial position and operations to ensure that they are in line with the policy and strategic plan set by the Company;

(4) Where the Company holds a juristic person's equity instruments which have not been listed for trading on any domestic or foreign securities exchange, or for which an appropriate market price is not made available, the Company must specify a clearly written guideline for and method of appraising such equity instruments' fair value;

(5) A Company must submit a copy of the audited financial statements and the report of the financial position and the operating results of each juristic person, in which the Company holds equity instruments for the purpose of operating other businesses, to the Office on every occasion that they are made available by the juristic person, and within 30 days from the date on which they are affirmed by a resolution adopted at the juristic person's shareholders' meeting.

In case of any change that may have an impact on the juristic person's financial position or operating results, or that may materially increase any risk, especially where such change may have an impact on the Company's financial position and reputation, the Company shall report to the Office within 30 days of the date of such change.”

Clause 6 The provision of Clause 83 of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses, B.E. 2556 (2013) shall be repealed and replaced by the following:

[Translation]

“Clause 83 A Company may operate any of the following securities-related businesses in accordance with the law on securities and exchange:

- (1) Private fund management;
- (2) Securities brokerage, securities dealing, and securities underwriting pertaining to investment units, trust certificates of similar nature to that of mutual funds, or any other securities as prescribed by the Securities and Exchange Commission to be securities having a similar investment nature to that of investment units;
- (3) Investment advisory services;
- (4) Asset custodian of private funds;
- (5) Private fund marketing representative ;
- (6) operating a business of contacting or introducing the services of securities companies or Banks under the law on financial institutions.”

Clause 7 The provision of Clause 84 of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investment in other Businesses B.E. 2556 (2013) shall be repealed and replaced by the following:

“Clause 84 In operating securities-related businesses under Clause 83, a Company shall comply with the criteria, procedures, and conditions prescribed and notified by the Registrar, and must notify the Registrar of such business operation through submission of documents and evidence within the following periods:

- (1) Operation of securities-related business under Clause 83 (1), (2), or (3), must be notified to the Registrar within thirty days from the date on which a license for such business operation is obtained under the law on securities and exchanges;
- (2) Operation of securities-related business under Clause 83 (4) or (5), must be notified to the Registrar within 30 days from the date on which a license for such business operation is obtained under the law on securities and exchanges;
- (3) Operation of securities-related business under Clause 83 (6), must be notified to the Registrar within 30 days from the commencement date of the business.

In the case of any material change to the Company’s operation of securities-related business pursuant to the aforementioned paragraph one, or any order of the Office of the Securities and Exchange Commission commanding the Company to undertake any act or omission, improvement, rectification, or revoking any previously granted license or approval,

[Translation]

the Company must notify the Registrar of such within thirty days from the date of such change, or the date of such Office of the Securities and Exchange Commission's order.

In this regard, in its operation of the securities-related business pursuant to Clause 83 (2), the Company must determine the amount of capital requirements for the risks associated with such investment units, or any obligations under relevant contract for investment unit guarantee and underwriting, in compliance with the Notification of the Insurance Commission regarding the criteria, procedures, and conditions for the computation of life insurance companies' capital requirements.”

Notified on this 25th day of October B.E. 2562.

Prasong Poontaneat

Permanent Secretary, Ministry of Finance

Chairman of the Insurance Commission