

Notification of the Insurance Commission
re: Rules and Methodology for Insurance Policy Issuance, Offering of Insurance Policies for Sale,
and Compensation Under Life Insurance Contracts, via Electronic Methods, B.E. 2560

By virtue of provisions in section 38 (5) (12) and section 70/2 of the Life Insurance Act, B.E. 2535 (1992), amended by the Life Insurance Act (No. 2), B.E. 2551 (2008), together with the resolution of Insurance Commission Meeting No. 12/2559 on 26 November 2016 and No. 13/2559 on 23 December 2016, the Insurance Commission hereby issues the following notification.

Clause 1. This notification is called "the Notification of the Insurance Commission re: Rules and Methodology for Insurance Policy Issuance, Offering of Insurance Policies for Sale, and Compensation Under Life Insurance Contracts, via Electronic Methods, B.E. 2560."

Clause 2. This notification will come into force after a 180-day period from the date it is announced in the government gazette.

Clause 3. In this notification, the following terms and expressions are defined as follows.

"Office" means the Office of Insurance Commission.

"Life insurance broker" means a life insurance broker under the life insurance law, except a bank.

"Bank" means a bank obtaining a life insurance broker license under the life insurance law.

"Prospect" means a person persuaded, or advised by a life insurance agent, a life insurance broker, a bank, or a company, to acquire life insurance.

"Offering an insurance policy for sale" means, if by a company, to invite a prospect to enter into an insurance contract. If carried out by a life insurance agent, it means to persuade a prospect to enter into an insurance contract with a company. If carried out by a life insurance broker or bank, it means to advise or arrange a prospect to enter an insurance contract with a company.

"Offering an insurance policy for sale via electronic methods" means persuading, advising, or arranging for a prospect to enter into an insurance contract with a company, by providing detailed information about insurance products using an electronic method, without reliance on a company employee, a life insurance agent, or a life insurance broker (a person) to offer insurance products. The prospect's request to enter into an insurance contract is submitted by an electronic method, as well. This does not apply to offering of insurance policies for sale via telephone under the Notification of the Insurance Commission re: Prescription of Rules and Methods for Offering of Insurance Policies for Sale via Telephone.

"Electronic" refers to electronic as defined in electronic transaction laws. This does not apply to offering of insurance policies for sale via telephone under the Notification of the Insurance Commission re: Prescription of Rules and Methods for Offering Insurance Policies for Sale via Telephone.

Chapter 1 General Provisions

Clause 4. Offering insurance policies for sale via electronic methods, the use of electronic methods to support the offering of insurance policies for sale, the issuance of insurance policies, and compensation, all or partially paid under life insurance contracts via electronic methods, must comply with electronic transaction laws and must not violate anti-money laundering laws and similar regulations.

Clause 5. To offer insurance policies for sale via electronic methods as described in chapter 2, companies, life insurance brokers, and banks must comply with chapter 3, part 1 of the Notification of the Insurance Commission re: Prescription of Rules and Methods for Insurance Policy Issuance and Offering for Sale, and Responsibilities of Life Insurance Agents, Life Insurance Brokers, and Banks; and with the Notification of the Insurance Commission re: Prescription of Rules and Conditions for Offering Insurance Policies for Sale Through Advertising Media Under Life Insurance Laws.

Clause 6. To use an electronic method to support the offering of insurance policies for sale as described under chapter 3, companies, life insurance agents, life insurance brokers, and banks must comply with the Notification of the Insurance Commission re: Prescription of Rules and Methods for Insurance Policy Issuance and Offering for Sale, and Responsibilities of Life Insurance Agents, Life Insurance Brokers, and Banks; and with the Notification of the Insurance Commission re: Prescription of Rules and Conditions for Offering Insurance Policies for Sale Through Advertising Media Under Life Insurance Laws.

Compensation paid under a life insurance contract via an electronic method, described under chapter 5, must comply with the Notification of the Insurance Commission re: Rules, Procedures, and Conditions for Indemnity Under Insurance Contracts by Life Insurance Companies.

Clause 7. The standards of data structure, data exchange, and data disclosure must be in accordance with electronic transaction laws, other relevant laws and standards, and rules specified by the Office.

Clause 8. The Office is authorized to provide guidelines on practices and compliance with this notification. Compliance with those guidelines by a company, life insurance broker, or bank is considered as its compliance with provisions in this notification.

Chapter 2 Offering of Insurance Policies for Sale via Electronic Methods

Clause 9. Offering of insurance policies for sale via electronic methods must be carried out by life insurance brokers or banks only.

Offering of insurance policies for sale via electronic methods by life insurance brokers or banks must be carried out with permission of the company. The company must supervise the offering of insurance policies for sale via electronic methods carried out by the permitted life insurance brokers or banks.

If the company fails to ensure compliance with this notification by life insurance brokers or banks, it must suspend its permission to the offering of insurance policies for sale via electronic methods within seven days after the non-compliance is discovered or after it is notified by the Office. If the company discovers the non-compliance itself, it must report to the Office within the same timeframe.

Clause 10. Offering of insurance policies for sale via electronic methods must be carried out with safety and security levels required under electronic transaction laws.

Clause 11. Insurance policies offered for sale via electronic methods must be approved by the registrar to be electronically sold. Information about conditions for the payment of benefits and premiums, and other useful information to help prospects with decision-making on insurance policies, must be disclosed, as prescribed by the Office.

Clause 12. The company must perform or arrange to ensure that its life insurance brokers or banks, comply with the following practices on offering insurance policies for sale via electronic methods:

- (1) It must describe insurance application procedures, contact channels, complaint procedures, and contact channels in the case of a problem with an electronic service.
- (2) It must display the life insurance broker license if a life insurance broker or a bank is authorized by the company to offer insurance policies for sale via electronic methods.
- (3) It must present clear objectives about what groups of customers are the prospects for insurance offerings, and what benefits these customers will get if they decide to buy the products; or provide advice for prospects for life insurance products in terms of risk levels and premium payment capacity (the "suitability requirement").
- (4) It must provide the following insurance policy information:
 - (a) summary of general conditions, benefits under insurance policies, exceptions to benefits, and coverage under insurance policy conditions, which have been approved by the company;
 - (b) premiums of insurance policies, premiums of additional clauses to insurance policies (if any), insurance periods, and premium payment periods; and

- (c) reminders for prospects to read, study, and understand the particulars of insurance policies.
- (5) Prospects must identify and verify themselves before submitting their requests for insurance.
 - (6) Prospects must indicate their preferred channels to receive electronic information when they submit their requests to buy insurance policies. Companies, life insurance brokers, and banks must provide insurance policy information, prescribed in (4), for prospects via the specified channels. Once an insurance agreement is made, the prospect must be able to examine the information throughout the legal prescription.
 - (7) It must indicate channels for premium payments. If the prospect wants to pay insurance premiums via electronic channels, the payments must be made directly to the company's account.
 - (8) It must issue reference numbers or reference electronic documents, and send information on insurance policies, general condition overview, benefits under insurance policies, and exceptions to coverage and benefits under insurance policy conditions, to prospects.
 - (9) It must issue company receipt documents for prospects when payments of premiums have been made.
 - (10) It must request confirmation from the prospect within seven days from the date that an insurance policy is sent to the insured person. The request for confirmation can be done by phone calls or other electronic methods.

The company must state in the request to the prospect that if he or she insists on entering into the insurance contract, he or she can still ask to terminate it within 15 days (or longer, depending on the insurance program offered for sale) after the insurance policy has been received (the "free look period").

If a policyholder wants to terminate his or her insurance policy, the company must return full premiums, without any deduction, within 15 days after the company is notified of the request to exercise the policyholder's entitlement to terminate the insurance policy. It must also notify the prospect of the channel on which premium payment will be returned.

If the request for confirmation is made by phone and the conversation is allowed, the caller must ask the prospect for permission to have the conversation recorded, starting from when the permission is granted until the conversation ends. The audio record must be kept throughout the insurance contract term. The conversation must include the following content:

- (a) name and surname of the caller;
- (b) whether the prospect has received the insurance policy; and
- (c) whether the prospect has any questions about the conditions, insurance coverage, or exceptions. If there are questions, answers must be provided until the prospect has no more question.

Clause 13. Electronic information must be sent to prospects only via the data systems specified by them. Companies, life insurance brokers, and banks must provide their electronic signatures that are deemed reliable under electronic transaction laws, except otherwise prescribed by the Office.

Chapter 3

The Use of Electronic Methods to Support the Offering of Insurance Policies for Sale

Clause 14. The offering of insurance policies for sale by company employees, life insurance agents, life insurance brokers, or banks, if a prospect expresses its intention to enter into an insurance contract via electronic methods, the offering must be done with safety and security levels prescribed in electronic transaction laws.

Electronic information must be sent to prospects only via the data systems specified by them. Companies, life insurance brokers, and banks must provide their electronic signatures that are deemed reliable under electronic transaction laws, except otherwise prescribed by the Office.

The offering of life insurance policies by life insurance described agents under the first paragraph must be carried out only via electronic methods approved by the company.

Chapter 4

Issuance of Insurance Policies via Electronic Methods

Clause 15. When a prospect's request for insurance is accepted by the company, and he or she wants the insurance policy to be issued via an electronic method, the issuance must be carried out with safety and security levels required under electronic transaction laws, and the company must provide an electronic signature that is deemed reliable under electronic transaction laws, except otherwise prescribed by the Office.

Insurance policies issued for the insured via electronic methods, as described in the first paragraph, must contain the same content as in the contracts. With each insurance policy, the company must provide documents displaying the summary of coverage terms, conditions, and exceptions prescribed in the policy.

The company must deliver group insurance policies along with documents displaying the summary of coverage terms, conditions, and exceptions, to the insured or the policyholder. It must also issue an insurance certificate and documents displaying the summary of coverage terms, conditions, and exceptions, and deliver them to the members or persons covered by the insurance only via the specified data channels, unless agreed otherwise between the policyholder and the company and indicated in the insurance policy.

The issued insurance policies, insurance certificates, and documents described in the second and third paragraphs must be delivered only via the data channels chosen by the insured, the policyholder, or the members or persons covered by the insurance.

The company must establish a system to notify the insured, policyholders, and members or persons covered by the insurance once the insurance policies, insurance certificates, and documents described in the second and third paragraphs have been delivered.

The company must grant the insured, policyholders, members, or persons covered by the insurance, and beneficiaries, access to their insurance policies, insurance certificates, and documents described in the second and third paragraphs, that are delivered to them by the company, throughout the legal prescription, or until a lawsuit (if any) is finally concluded.

Chapter 5 Compensation Paid Under Life Insurance Contracts via Electronic Methods

Clause 16. To allow claims for compensation under life insurance contracts to be done via electronic methods, the company must comply with the following rules and methodology:

- (1) It must describe the procedures for claiming compensation under life insurance contracts, and the procedures for delivering documents regarding claims for compensation under life insurance contracts via electronic methods.
- (2) It must ensure that the insured or beneficiaries issue claims or submit documents regarding requests for the company to pay compensation under life insurance contracts via electronic methods with safety and security levels required under electronic transaction laws.
- (3) It must ensure that the insured or beneficiaries identify themselves before the compensation is paid under life insurance contracts via electronic methods.
- (4) Electronic information must be delivered to the insured or beneficiaries only via the data channels specified by them, and the company must provide an electronic signature that is deemed reliable under electronic transaction laws, except otherwise prescribed by the Office.

Clause 17. If compensation must be paid under a life insurance contract to the insured or a beneficiary via an electronic method, it must be paid directly to the account belonging to the insured or the beneficiary.

Chapter 6 Safety and Security of Information Systems

Clause 18. If any part of the offering of insurance policies for sale via electronic methods, the use of electronic methods to support the offering of insurance policies for sale, the issuance of insurance policies, or compensation under life insurance contracts is done via an electronic method and causes a legal obligation between the company, the life insurance broker, or the bank and the prospect, the insured, or the beneficiary mentioned in clause 10, clause 14, clause 15, or clause 16, the company must, or must ensure that its life insurance brokers or banks, comply with the following provisions:

- (1) It must establish standard measures and practices on the management of privacy and personal data.
- (2) It must ensure that their information systems are inspected and certified by independent inspectors holding the Certified Information System Auditor (CISA) license, the Certified Information Security Manager (CISM) license, the Certified Information System Security Professional (CISSP) license, the ISO 27001 Information Security Management license, or other permits, or by an organization in charge of information system certification, in compliance with the Office's notification. This is to ensure that practices are at safety and security levels required under electronic transaction laws or under the Office's notification.
- (3) It must register at the Office before performing transactions. The registration must comply with the rules, methods, and conditions specified by the Office, and be accompanied with evidential materials showing the inspection and certification of information systems, as prescribed in (2).

If there is an addition or alteration to the registered electronic transactions, the company, the life insurance broker, or the bank must notify the Office so that the registered information can be amended before the beginning of the new transaction.

Chapter 7 Outsourcing

Clause 19 If a company, insurance agent, or bank engages a third-party provider of information system services to offer insurance policies for sale via electronic methods, to use electronic methods to support the offering of insurance policies for sale, to issue insurance policies, or to pay compensation

under life insurance contracts, and any part of the offering of insurance policies for sale via electronic methods, the use of electronic methods to support the offering of insurance policies for sale, the issuance of insurance policies, or compensation under life insurance contracts is done via an electronic method and causes a legal obligation between the company, the insurance broker, or the bank and the prospect, the insured, or the beneficiary mentioned in clause 10, clause 14, clause 15, or clause 16, the company must, or must ensure that its life insurance broker or bank, has the third-party service provider comply with the following provisions:

- (1) It must ensure that the service provider's electronic transactions comply with safety and security levels required under electronic transaction laws.
- (2) It must ensure that the information systems are inspected and certified, as prescribed in clause 18 (2).
- (3) It must clearly display reasons for and information about the specification of policies, methodology and procedures, such as risk assessment, risk management, service procedures, internal control, safety and security, and back-up plans if the third-person service provider fails to provide services.
- (4) It must apply for the Office's approval of outsourced services by following the procedures below:
 - (a) Indicate the name of the third-person service provider.
 - (b) Indicate the following conditions in the agreement with the third-person service provider:
 - 1) safety and security measures to protect personal data;
 - 2) prevention of wrongful use or disclosure;
 - 3) reporting of abnormalities or personal data infringement;
 - 4) prevention of sub-contracting;
 - 5) the company and the Office's authorization to conduct inspection;
 - 6) the return, destruction, and deletion of personal data; and
 - 7) results of condition violation.

Clause 20. Companies, life insurance brokers, and banks that engage third persons to provide services must hold responsibility as if the services are rendered by themselves.

Clause 21 If a company, life insurance broker, or a bank fails to comply with all or part of clause 18 or clause 19, the Office may issue the following orders:

- (1) that the company, the life insurance broker, or the bank correct its operation to fully comply with clause 18 or clause 19 within the time frame specified by the Office; or
- (2) revocation of the registration, or revocation of the approval under clause 18 (3) or clause 19 (4), wholly or partially, if the company, the life insurance broker, or the bank fails to correct its operation, as prescribed in (1), without reasonable cause, or intentionally violates the provisions in clause 18 or clause 19.

If the Office revokes the registration or approval, as prescribed in the first paragraph, the Office is also authorized to specify conditions or timeframes for consideration of the next application for registration or approval submitted by the company, the life insurance broker, or the bank.

The Office will not take the previous revocation of registration or the previous revocation of approval into consideration in the application for the next registration or approval, if the company, the life insurance broker, or the bank complies with the conditions or timeframes specified by the Office in the second paragraph.

Chapter 9 Transitory provisions

Clause 22. If the offering of insurance policies for sale via electronic methods, the use of electronic methods to support the offering of insurance policies for sale, the issuance of insurance policies and compensation under life insurance contracts via electronic methods, that are conducted before this notification comes into force, are consistent with electronic transaction laws, they may continue. However, the company must ensure that its life insurance broker or bank fully complies with this notification once it comes into force.

Issued on 22 February 2017

Mr. Somchai Sujjapongse,
Permanent secretary of the Ministry of Finance, and
Chairman of the Insurance Commission