

**Notification of the Insurance Commission**

**Re: Life Insurance Companies' Investments in Other Businesses (No. 4)**

**B.E. 2563 (2020)**

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By virtue of section 28 of the Life Insurance Act, B.E. 2535 (1992), section 3 (2) of the Insurance Commission Act, B.E. 2550 (2007), together with the resolution of the Insurance Commission Meeting No. 1/2020 on 27 January 2020, the Insurance Commission prescribes this Notification as follows:

Clause 1 This Notification shall be called the "Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses (No. 4) B.E. 2563 (2020)".

Clause 2 This Notification shall take effect from the date of its publication onwards.

Clause 3 A definition of "Foreign Financial Institution" shall be added between the definitions of "Financial Institution" and "Limited Company" in Clause 4 of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013):

"Foreign Financial Institution" means a juristic person registered in a foreign country that engages in the financial institution business in the same manner as prescribed by law on financial institution business;"

Clause 4 A definition of "Sukuk" in Clause 4 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of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013) shall be repealed and replaced by the following:

"Sukuk" means Sukuk under the law on securities and exchange."

Clause 5 A definition of "Investment Unit" in Clause 4 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of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013) shall be repealed and replaced by the following:

"Investment Unit" means any investment unit, investment unit warrant, trust certificate under the law on securities and exchange;"

Clause 6 A definition of "Infrastructure" shall be added between the definitions of "Investment Unit" and "Derivatives" in Clause 4 of the Notification of the Insurance Commission Re: Investments in Other Businesses of Life Insurance Companies B.E. 2556 (2013):

““Infrastructure” means an infrastructure business under the law on securities and exchange.”

Clause 7 A definition of “Private Equity” shall be added between the definitions of “Structured Notes” and “Securities” in Clause 4 of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses B.E. 2556 (2013):

““Private Equity” means a juristic person, trust or business in any other form and possesses any of the following characteristics:

(1) Private Equity as prescribed in the Notification of the Securities and Exchange Commission prescribing the management of capital of private equities that is not considered an engagement in the securities business in the category of private fund management;

(2) Private Equity under foreign laws that possess all of the following characteristics:

(a) Having an objective of joint investment of two investors or more, provided that it shall not involve seeking benefits from management of personal property of any specific person or groups of persons;

(b) Having assigned a person to act as a manager;

(c) Having a policy of investing in other businesses by means of entering into contracts, investments in shares, or providing any financial support that creates the right to acquire the shares of those businesses at a later stage, with participation in supervision of business plans, performance or improvement of performance, or undertaking any other acts reflecting the role in the operations of those businesses.”

Clause 8 Definitions of “Derivatives Agent” and “Derivatives Dealer” shall be added between the definitions of “Foreign Bank” and “Credit Rating” in Clause 4 of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses B.E. 2556 (2013):

““Derivatives Agent” means a person having been granted a license to operate derivatives business in the category of a derivatives agent under the law on derivatives;

“Derivatives Dealer” means a person having been granted a license to operate derivatives business in the category of a derivatives dealer under the law on derivatives.”

[Translation]

Clause 9 The definitions of “Medical Facility Business” and “Dependent and Elder Care Business” shall be added between the definitions of “Information Technology Function” and “Information and Service Function of Securities Companies or Banks” in Clause 4 of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses B.E. 2556 (2013):

““Medical Facility Business” means an operation of normal business in providing services in relation to the practice of the healing arts, under the law on the healing arts practices, the practice of the medical professions under the law on the medical professions, the practice of the nursing and midwifery professions under the law on the nursing and midwifery professions, the practice of the dental professions under the law on the dental professions, the practice of the physical therapy professions under the law on the physical therapy professions, the practice of the medical technology professions under the law on the medical technology professions, the practice of the Thai traditional medical professions, and the practice of the applied Thai traditional medical professions under the law on the Thai traditional medical professions, or the practice of other medical professions and public health professions under the law on those activities.

““Dependent and Elder Care Business” means an operation of business in providing services in relation to care-giving, health promoting and restoring, or palliative caring for elders and dependents with health issues through organizing day-time activities, or providing daily living assistance or providing places for boarding or facilities for elder and dependent care, including any government agency’s service offering as required to be registered in accordance with relevant notification prescribed and notified by the Minister of Public Health, and as exempted in the case of an operation of such activities in a medical establishment under the law on medical establishments.”

Clause 10 A definition of “Company’s Investment Assets” in Clause 4 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:

““Company’s Investment Assets” means the assets in which a Company may invest under this Notification in accordance with the appraised value under the Notification of the Insurance Commission on the valuation of life Insurance Companies’ assets and liabilities , which include investment assets of universal life insurance policies, but exclude those avals

[Translation]

of negotiable instruments and letters of guarantee given or issued as collaterals for contractual performance in various projects under Clause 25 (8).”

Clause 11 The provision of Clause 18 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 18 The investment under this Notification, if made in foreign currencies for which there is a fixed cash inflow and outflow, for example, foreign currency denominated debt instruments, a Company shall hedge for an amount of not less than seventy-five percent of the cash inflow and outflow against the exchange rate risk.

The Company may hedge against the exchange rate risk for an amount lower than that specified in paragraph one as follows:

(1) hedge for an amount of not less than fifty percent of the cash inflow and outflow, in the case that the Company has a capital adequacy ratio of two hundred fifty percent but less than three hundred eighty percent.;

(2) hedge for hedge for an amount of not less than fifty percent of the cash inflow and outflow, in the case that the Company has a capital adequacy ratio of three hundred eighty percent or more.

The hedging against risks pursuant to paragraph two must obtain a prior approval of the Company’s Investment Committee and Board of Directors. The Company must deliver a copy of all minutes of relevant meetings to the Office within thirty days from the date of such meetings’ resolutions. In the case of any material changes, these material changes must be reported to the Office within thirty days from the date of the changes. If the Company’s capital adequacy ratio subsequently decreases from the specified ratio in each case, the Company must hedge against the exchange rate risk in line with its capital adequacy ratio within 30 days from the date of any such changes.

The Company must inform the Registrar of details of such hedging against risks pursuant to paragraph one, paragraph two, and paragraph three, through a report of the operating results and the financial position periodically submitted to the Registrar.”

Clause 12 The following provision shall be added as Clause 25 (11) of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses B.E. 2556 (2013)

“(11) Private Equity.”

Clause 13 The provision of Clause 27 (6) of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses B.E. 2556 (2013), as amended by the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses (No. 2) B.E. 2558 (2015) shall be repealed and replaced by the following provision:

“(6) investment in each property fund, real estate investment trust, infrastructure fund, and infrastructure trust shall not exceed ten percent of the Company’s investment assets.”

Clause 14 The provision of Clause 31 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 31 A Company’s aggregate investment in investment units of property funds, trust certificates of real estate investment trusts, infrastructure funds, infrastructure trusts that are registered in Thailand or foreign countries, shall not exceed thirty percent of the Company’s investment assets”.

Clause 15 The provision of Clause 36 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 provision:

“Clause 36 A Company’s aggregate may invest in deposits in foreign banks, foreign debt instruments, foreign equity instruments, investment units of mutual funds registered in foreign countries, trust certificates registered in foreign countries, investment units of property funds, trust certificates of real estate investment trusts, investment units of infrastructure funds, trust certificates of infrastructure trusts registered in foreign countries, and foreign private equities established in foreign countries, shall not exceed thirty percent of the Company’s investment assets.”

Clause 16 The provision of Clause 37 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 37 A Company’s aggregate investment in the following assets shall not exceed five percent of the Company’s investment assets:

[Translation]

(1) Structured notes, except for structured notes with principal protection pursuant to Clause 44 (3);

(2) Equity instruments that are not listed on any domestic stock exchange, or are not subject to free-float under the regulations of the Stock Exchange of Thailand, or are not listed on any foreign exchange;

(3) Investment units of commodity funds and assets or indices held by the Company through investing in investment units of mutual funds that have the policy of investing in assets or indices in which the Company is able to invest directly, but for which a portion of investment is allocated in assets or commodity indices, such as gold;

(4) Investment units of mutual funds pursuant to Clause 49 or Clause 50, for which the Company is unable to separate any components, or for which there is insufficient information on the proportion of the categories of mutual fund investments;

(5) Private Equity

In this regard, the Company's investment in the assets as stated in (5) shall not exceed one percent of the Company's investment assets."

Clause 17 The provision of Clause 40 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 40 A Company's investment in the investment units of each mutual fund shall not exceed five percent of its investment assets, with the exception that investment in investment units of property funds, trust certificates of real estate investment trusts, investment units of infrastructure funds, trust certificates of infrastructure trusts that have been registered in Thailand, shall not exceed ten percent of the Company's investment assets."

Clause 18 The provision of Clause 41 (2) of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013), as amended by the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses (No. 2) B.E. 2558 (2015) shall be repealed and replaced by the following:

"(2) Lending to each property fund, real estate investment trust, infrastructure fund, or infrastructure trust as amended in Thailand, shall not exceed ten percent of the Companies' investment assets."

Clause 19 The provision of Clause 44 of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013), as amended by the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses (No. 2) B.E. 2558 (2015) shall be repealed and replaced by the following:

“Clause 44 A Company's investment in domestic debt instruments shall be subject to the following conditions:

(1) The Company's investment in debt instruments that have been issued, paid, accepted, availed or guaranteed by the Thai Government, the Bank of Thailand, the Ministry of Finance, or the Financial Institution Development Fund, shall not be subject to any limitation.;

(2) Debt instruments that have been issued, paid, accepted, availed, endorsed or guaranteed by financial institutions, or debt instruments that have been issued by limited companies, organizations or state enterprises, debt instruments that have been issued by real estate investment trusts, infrastructure trusts, or other trusts as prescribed and notified by the Registrar, which have been registered in Thailand and have the following characteristics:

(a) Each of the debt instruments', the issuers', or the guarantors' credit rating is not lower than the investment grade, with the exception of debt instruments that have been issued, paid, accepted, availed, or guaranteed by financial institutions established under a specific law, or debt instruments that have been issued by organizations or state enterprises established under a specific law, or debt instruments availed by the Company;

(b) Debt instruments in the form of promissory notes or bills of exchange, with no limitation of liability;

(c) Debt instruments issued by real estate investment trusts, infrastructure trusts, or other trusts as prescribed and notified by the Registrar, which have been registered in Thailand, listed on a domestic stock exchange, with the fund value of not less than one billion five hundred million Baht.

(3) Structured notes pursuant to Chapter 4, Part 7, Clause 52, with principal protection.

Debt instruments pursuant to (1) and (2) that have been offered for sale in foreign countries shall be regarded as domestic debt instruments in which the Company may invest in compliance with the conditions specified in (1) and (2).

[Translation]

An acceptance, aval, endorsement, or guarantee as stated in (1) and (2) must be an acceptance for an indefinite term, an aval in whole, an endorsement with right of recourse and without stipulation negating or limiting the endorser's liability, or an unconditional guarantee of the principal and interest in full."

Clause 20 The provision of Clause 45 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 45 A Company's investment in foreign debt instruments shall be subject to the following conditions:

(1) Debt instruments issued or guaranteed by foreign governments, or organizations or agencies of foreign governments or international organizations, shall have each of the instruments', the issuers', or the guarantors' credit rating of not lower than the investment grade;

(2) Debt instruments issued by a juristic person established under a foreign law or a state enterprise established under a foreign law, shall have a credit rating of not lower than the investment grade;

(3) Debt instruments pursuant to (1) and (2) must be ones on which information in the English language is accessible to the Company via the Internet."

Clause 21 The following provision shall be added as Clause 47 paragraph two of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013):

"The provision of the paragraph one (2) shall not apply to any investment in equity instruments in Private Equity, provided that the Company has access to information on such equity instruments in Private Equity and such related juristic person's investments."

Clause 22 The provision of Clause 48 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 48 A Company's investment in foreign equity instruments issued by juristic persons established under a foreign law, shall be subject to the following conditions:

(1) Investment in each juristic person shall not exceed ten percent of the total equity instruments issued for sale by the issuer;



(2) Such equity instruments must be listed on a foreign stock exchange, being traded under the supervision of a securities and exchange regulator, that is an ordinary member of the International Organization of Securities Commission (IOSCO), or traded on a stock exchange that is a member of the World Federation of Exchanges (WFE), or offered in an initial public offering under their home regulator's approval, and the information on such equity instruments in the English language is accessible to the Company via the Internet;

(3) With respect to equity instruments issued by juristic persons engaged in the Private Equity, an information on such equity instruments and investments of those juristic persons must be accessible to the Company;

(4) With respect to equity instruments other than those in (2) and (3), the Company's investment shall be limited to only equity instruments issued by the following juristic persons, and subject to the Registrar's approval in writing, with conditions as may be prescribed by the Registrar:

(a) A juristic person incorporated under the law of a foreign country, that has been granted a license to conduct the insurance business by a competent regulator in the said country, or that operates the core business by holding shares in insurance companies which are holders of insurance business licenses;

(b) A juristic person incorporated under the law of a foreign country that engages in an insurance support business;

(c) A juristic person incorporated under an agreement among members of the Association of Southeast Asian Nations (ASEAN), or the Economic and Social Commission for Asia and the Pacific (ESCAP) for a specific purpose of engaging in the reinsurance business.”

Clause 23 The provision of Clause 49 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 49 A Company's investment in investment units of mutual funds registered domestically shall be subject to the following conditions:

(1) Being investment units of mutual funds that invest in assets or indices of the same class and type of assets in which the Company may invest or hold, investment units of property funds, trust certificates of real estate investment trusts, investment units of infrastructure funds, trust certificates of infrastructure trusts, private equity trusts, or investment units of commodity funds;

[Translation]

(2) Each of the property funds, real estate investment trusts, infrastructure funds, or infrastructure trusts, must be listed on a domestic stock exchange with the fund value of not less than one billion five hundred million Baht.

Clause 24 The provision of Clause 50 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 50 A Company's investment in investment units of foreign mutual funds shall be subject to the following conditions:

(1) Being investment units of mutual funds under the supervision of a securities and exchange regulator, that is an ordinary member of the International Organization of Securities Commission (IOSCO), or being investment units of mutual funds traded on a stock exchange that is a member of the World Federation of Exchanges (WFE), or being investment units of mutual funds being offered in an initial public offering under their home regulator's approval;

(2) Being investment units of mutual funds that invest in assets or indices of the same class and type of assets in which the Company may invest or hold, property funds, real estate investment trusts, infrastructure funds, infrastructure trusts, private equity trusts, or commodity funds;

(3) Being investment units of foreign mutual funds established for retail investors, provided that this shall not apply to Private Equity funds;

(4) Not being investment units of hedge funds;

(5) Each property fund, real estate investment trust, infrastructure fund, or infrastructure trust, must be listed on a foreign stock exchange, with the fund value of not less than one billion five hundred million Baht;

(6) With respect to commodity funds, investment must be in commodities or commodity indices of the same class and type in which any commodity funds domestically registered may invest.”

Clause 25 The provision Clause 51 (4) 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:

“(4) concluded at Thailand Futures Exchange Public Company Limited, or other derivative exchanges as prescribed and notified by the Registrar, or if concluded outside a

derivative exchange, the counterparty must be either a financial institution established under a specific law, a domestic Bank, a Derivatives Agent, or a Derivatives Dealer, with a credit rating of not lower than the investment grade.”

Clause 26 The provision of Clause 51 (8) 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:

“(8) The Company is prohibited from being a party to any options contract that obligates the Company as an option writer, except where the options contract calls for an obligation to deliver goods that are readily and adequately available to the Company for discharging such obligation at the time of becoming such a party.”

Clause 27 The following provision shall be added as (12) of Clause 51 of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses B.E. 2556 (2013):

“(12) In the case where a Company becomes a party to an options contract as stated in Clause 51 (8), the Company shall ensure that the goods under the options contract are maintained until the end of the contract.”

Clause 28 The provision of Clause 52 (4) 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:

“(4) Being debt instruments issued by financial institutions or foreign financial institutions with each of the instruments’ or the issuers’ credit rating of not less than the investment grade.”

Clause 29 The provision of Clause 55 (4) of the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses B.E. 2556 (2013), as amended by the Notification of the Insurance Commission Re: Life Insurance Companies’ Investments in Other Businesses (No. 2) B.E. 2558 (2015) shall be repealed and replaced with the following:

“(4) Lending to each borrower in an amount not exceeding the following rates: :

(a) Where a borrower is a natural person:

1) A housing loan shall be extended in compliance with the criteria set forth in the regulations on housing loans and housing-related loans as prescribed and notified by the Bank of Thailand;

[Translation]

2) A lending of all other types shall be in an amount not exceeding ninety percent of the appraisal value of any property mortgaged or pledged by the borrower as collateral to the Company;

(b) Where a borrower is a juristic person, a property fund, a real estate investment trust, an infrastructure fund, or an infrastructure trust, a loan shall be extended in an amount not exceeding seventy percent of the appraisal value of property mortgaged or pledged as collateral by the borrower to the Company.

The property fund, real estate investment trust, infrastructure fund, or infrastructure trust under 2) must be listed on a domestic stock exchange, and the fund value must not be less than one billion five hundred million Baht.

Clause 30 The following provision shall be added as Clause 80 (5) of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013) and replaced with the following:

“(5) A juristic person incorporated for the purpose of conducting the following businesses, in accordance with the criteria, procedures, and conditions prescribed and notified by the Registrar:

- (a) A Medical Facility Business in Thailand;
- (b) A Dependent and Elder Care Business in Thailand;
- (c) A technology business that is beneficial to the insurance business.

Clause 31 The provision of Clause 81 of the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses B.E. 2556 (2013), as amended by the Notification of the Insurance Commission Re: Life Insurance Companies' Investments in Other Businesses (No. 3) B.E. 2562 (2019) shall be repealed and replaced by the following:

“Clause 81 Holding of equity instruments of a juristic person for the purpose of operating Other businesses under clause 79 and 80 shall be subject to the following conditions:

- (1) An aggregate value of the equity instruments held pursuant to Clause 80 (5) (a) and (b) shall not exceed ten percent of the Company's investment assets;
- (2) An aggregate value of equity instruments held pursuant to Clause 80 (5) (c) shall not exceed three percent of the Company's investment assets;

[Translation]

(3) An aggregate value of equity instruments held by the Company for the purpose of operating other businesses shall not exceed fifty percent of the Company's total assets;

(4) 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;

(5) The Company must be consistently capable to control, supervise, and monitor the juristic person's financial position and operations, to ensure their compliance with the policy and strategic plan set by the Company;

(6) Where the Companies holds a juristic person's equity instruments, which have not been listed for trading on a domestic or foreign stock exchange, or for which a reasonable market price is not made available, the Company must set a clearly written guideline for and method of appraising such equity instruments' fair value;

(7) The Company must submit a copy of the audited financial statements and the report on the financial position and 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 those are made available by the juristic person, and within thirty days from the date on which a resolution to approve such financial statements are adopted by the meeting of the juristic person's shareholders. In the case of any change that may have an impact on juristic person's financial position or operating results, or that may materially increase any risk, but only in the case that it may have an impact on the Company's status and reputation, the Company shall report to the Office within thirty days from the date of such change.

Notified on this 29<sup>th</sup> day of January B.E. 2563

Prasong Poontaneat

Permanent Secretary, Ministry of Finance

Chairman of the Insurance Commission