

Notification of the Insurance Commission

Re: Criteria and Conditions for the Issuance and the Renewal of Life Insurance Broker Licenses to Juristic Persons, and for the Business Operations of Juristic Persons holding Life Insurance Broker Licenses B.E. 2562 (2019)

By virtue of Section 72 paragraph two (1) (a) and (2) (c), Section 73 paragraph two, Section 73/1, Section 77 paragraph three, and Section 79/1 (2) and (5) of the Life Insurance Act B.E. 2535 (1992), and its amendment, in together with the resolution adopted at the Insurance Commission's Meeting No. 12/2019 on 23 November 2019, the Insurance Commission prescribes this Notification as follows:

Clause 1 This Notification is called the "Notification of the Insurance Commission Re: Criteria and Conditions for the Issuance and the Renewal of Life Insurance Broker Licenses to Juristic Persons, and for the Business Operations of Juristic Persons holding Life Insurance Broker Licenses B.E. 2562 (2019)."

Clause 2 This Notification shall take effect from 1 January 2020 onwards.

Clause 3 The Notification of the Insurance Commission Re: Criteria and Conditions for the Issuance and the Renewal of Life Insurance Broker Licenses to Juristic Persons, B.E. 2554 (2001) shall be repealed.

Clause 4 In this Notification:

"Customer" means a person entering into an insurance contract with a Company through an indication or procurement arranged by a life insurance broker who is licensed under the law on life insurance and acts on behalf of a juristic person holding a life insurance broker license, or by a person appointed or assigned by a juristic person holding a life insurance broker license to act as the juristic person's life insurance broker. This term shall also mean an insured, a beneficiary, or any person being entitled to make claims under a relevant insurance policy, as the case may be.

"Bank" means any commercial bank and Specialized Financial Institutions under the law on financial institution business.

"Company" means a company that has been granted a license to operate a life insurance business under the law on life insurance and shall include a foreign life insurance

company's branch that has been granted a license to operate a life insurance business in the Kingdom of Thailand under the law on life insurance.

"Commission" means the Office of Insurance Commission.

"Registrar" means the Secretary-General of the Insurance Commission or a person designated by the Secretary-General of the Insurance Commission.

Chapter 1 General Provisions

Clause 5 A juristic person intending to apply for a life insurance broker license or a juristic person holding a life insurance broker license shall observe the criteria and conditions set forth in this Notification.

Clause 6 The Office of Insurance Commission shall be empowered to prescribe a guideline in the interest of compliance with this Notification. In this regard, due compliance with the guideline by such a juristic person intending to apply for a life insurance broker license or such a juristic person holding a life insurance broker license, shall be deemed due compliance with the relevant provisions of this Notification.

Chapter 2 Qualifications and Prohibited Characteristics of a juristic person intending to apply for a life insurance broker license

Clause 7: A juristic person intending to apply for a life insurance broker license shall have all of the following characteristics and qualifications:

- (1) Being a limited company incorporated under the Civil and Commercial Code, a public company limited under the law on public company limited, or a Bank.
- (2) Having its head office located in Thailand.
- (3) Having its directors with none of the following prohibited characteristics:
 - (a) Being a director tasked with responsibilities for its life insurance brokerage business operation, or a person holding a life insurance broker license under the law on life

insurance and concurrently acting as a life insurance broker on behalf of other juristic persons holding life insurance broker licenses.

(b) Being a director, manager, officer, or employee of the juristic person, concurrently.

(c) Being of unsound mind or mental infirmity, being adjudged incompetent or quasi-incompetent.

(d) Being adjudged bankrupt or having been a dishonest bankrupt.

(e) Being a life insurance agent.

(f) Being a person currently subject to a suspension of his/her life insurance broker license, non-life insurance agent license, or non-life insurance broker license under the law on non-life insurance.

(g) Having been subject to a revocation of his/her life insurance broker license, non-life insurance agent license or non-life insurance broker license under the law on non-life insurance, and such revocation took effect less than five years ago.

(h) Having been sentenced by a final judgment to imprisonment for having been convicted of dishonestly committing criminal offense(s) against property, except where an acquittal was granted at least five years ago.

(i) Being listed as a designated person under the law on prevention and suppression of the financing of terrorism and proliferation of the weapons of mass destruction.

(j) Having been subject to a court order for asset confiscation under the law on prevention and suppression of misconduct, the law on prevention and suppression of money laundering, or other laws of similar nature, and a period of five years from the date of such court order for asset confiscation has not elapsed.

(k) Having been dismissed, discharged, or terminated from a position in an office of any Government, state enterprise, organization, public agency, or private entity, on account of malfeasance in office, and a period of five years from the date of such dismissal, discharge, or termination has not elapsed.

(l) Having been subject to a punishment or a sentence by a final judgment on account of having committed an offense under Section 114/3, Section 114/4, Section 114/5 of the law on life insurance; Section 108/3, Section 108/4, and Section 108/5 of the law on non-life insurance; and Section 347 of the Penal Code, except where such punishment or sentence was inflicted, and an acquittal was granted at least five years ago.

(m) Having committed an offense relating to malfeasance in office under the law on insurance, finance, investment, and consumer protection, either inside or outside the country, except where an acquittal in relation thereto was granted at least five years ago.

(n) Having been removed from being a director or a person tasked with responsibilities for a Company's operation under the law on life insurance, or having been removed from being a director or a person tasked with responsibilities for a Company's operation under the law on non-life insurance, and such removal took effect less than five years ago.

(o) Being or having been a director tasked with a juristic person's operation of life insurance brokerage under the law on life insurance, or non-life insurance brokerage under the law on non-life insurance at the time of the revocation of the juristic person's license, which took effect less than five years ago, except where it can be proved that the director has no involvement in the cause of such revocation.

(p) Behaving or having behaved in a manner of malfeasance, attempted corruption, disintegrity, unjustification, irresponsibility, recklessness, exploitation, immorality, or unprofessionalism, that affects the creditability of one's functioning as a life insurance agent or life insurance broker under the law on life insurance, or a non-life insurance agent or non-life insurance broker under the law on non-life insurance, or being involved or having been involved or provided support to such behavior of any other person, unless it appears that the occurrence of such behavior took place over five years prior to the date of submission of the application for a license.

(4) Having a person holding a life insurance broker license under the law on life insurance, represent and act on behalf of the juristic person.

(5) Having premises and usable space clearly and separately assigned.

(6) Having an objective to engage in a life insurance brokerage business.

(7) Maintaining a sound financial position, with payment for shares having been made by its shareholders or at least three million Baht paid-up capital, as the case may be.

In a case where the applicant juristic person had been incorporated to engage in other businesses prior to applying for a life insurance broker license and had prepared its financial statements, in addition to having a sound financial position in accordance with paragraph one,

its financial statements as of the date of submission of the application for a license must indicate its shareholders' equity in an amount not less than three million Baht.

Clause 8: A juristic person intending to apply for a life insurance broker license must possess none of the following prohibited characteristics:

(1) Being subject to a suspension of its life insurance broker license or non-life insurance broker license under the law on non-life insurance.

(2) Having been subject to a revocation of its life insurance broker license or non-life insurance broker license under the law on non-life insurance, and a period from such revocation to the date of submission of the application for a license is less than five years.

(3) Having any of the following negative records:

(a) Being subject to a court order for asset confiscation under the law on prevention and suppression of misconduct, the law on prevention and suppression of misconduct money-laundering, and other laws of similar nature;

(b) Being a designated person under the law on prevention and suppression of the financing of terrorism and the proliferation of the weapons of mass destruction; or

(c) Having been subject to a punishment or a sentence under a final judgment on account of having committed an offense under Section 105, Section 114/3, Section 114/4, Section 114/5 of the law on life insurance; Section 99, Section 108/3, Section 108/4, and Section 108/5 of the law on non-life insurance; and Section 347 of the Penal Code, except where such punishment or sentence was inflicted and an acquittal was granted at least five years prior to the date of submission of the application for a license.

(4) Having a record of irresponsibility due to behaving or having behaved in a manner of malfeasance or attempted corruption, disintegrity, unjustification, irresponsibility, recklessness, exploitation, immorality, or unprofessionalism, that affects the creditability of one's functioning as a life insurance broker under the law on life insurance, or a non-life insurance broker under the law on non-life insurance, or being involved or having been involved or provided support to such behavior of any other person, unless it appears that the occurrence of such behavior took place over five years prior to the date of submission of the application for a license.

Application for License

Clause 9: A juristic person possessing qualifications and no prohibited characteristics pursuant to Chapter 2 and intending to apply for a life insurance broker license, shall submit an application for a life insurance broker license in the form prescribed by the Registrar, together with the following documents and evidence:

(1) Detailed information on the juristic person and its financial statements, or in the absence of financial statements, other evidence of its financial position;

(2) Details of its operation of the life insurance brokerage business;

(a) A life insurance brokerage business operation policy guideline and plan for an upcoming period of not less than two years, with the following details at a minimum:

1) Investment amount, projection of revenue and expenses, and volume of transactions;

2) Good corporate governance;

3) Risk management and internal control;

4) Quality control in the sales offering, for example, criteria for selection of insurance companies, insurance products for the sales offering, and channels for the insurance products sales offering;

5) Selection, overseeing, and inspection of the performance of a life insurance broker license holder under the law on life insurance, who has been appointed or assigned to act as a life insurance broker of a juristic person holding a life insurance broker license;

6) Maintenance of Customer data security;

7) Management of complaints, fair treatment of Customers, and management of conflicts of interest; and

8) The juristic person applicant's operation of other businesses (if any).

(b) A diagram illustrating the life insurance brokerage business operation's procedure, work system, personnel, and technology applications, detailing procedure in relation to the following work systems at a minimum:

- 1) Taking insurance premiums and issuing documents on receipt of money;
- 2) Remitting insurance premiums to the Company; and
- 3) Submitting a report in the form and with particulars prescribed by the Commission or the Registrar.

(c) Information on the office and branch offices for the intended operation of the life insurance brokerage business, which includes the following details at a minimum:

- 1) Locations and their Global Position System (GPS) coordinates; and
- 2) Working area and office equipment that are appropriate for the operation of the life insurance brokerage business and clearly designated.

(d) Information on personnel in the juristic person's life insurance brokerage operation, which includes the following details at a minimum:

- 1) Organizational structure and shareholding structure;
- 2) Duties and responsibilities of personnel in each business unit of the juristic person;
- 3) Director(s) with none of the prohibited characteristics as described in Clause 7 (3);
- 4) At least two persons are responsible for the life insurance brokerage operation;
- 5) A life insurance broker license holder, being designated as a branch office manager or executive; and
- 6) A list of life insurance brokers holding life insurance broker licenses under the law on life insurance, at least five of which will be on duty at the office and at least two of which will be on duty at each branch office.

For the life reinsurance brokerage business operation, there must be at least three life insurance brokers, holding life insurance broker licenses under the law on life insurance and having passed the reinsurance knowledge test.

In this regard, the juristic person shall not be required to provide detailed information pursuant to subclause (2) (c) 2) and (d) 5) and 6), if its life insurance brokerage business operation at the office or branch office is only limited to microinsurance policies, whereby any person wishing to take out insurance must contact the Company directly.

Clause 10 After having submitted an application for a life insurance broker license, a juristic person must arrange for at least two persons, comprising either a director with none of the prohibited characteristics pursuant to Clause 7 (3) or a person being tasked with responsibilities for its life insurance brokerage operation, who possess work-related knowledge or experience and have none of the prohibited characteristics pursuant to Clause 13, to take the life insurance knowledge test as prescribed by the Registrar.

Clause 11 When a juristic person with the required qualifications and with none of the prohibited characteristics pursuant to Chapter 2, intending to apply for a license, has complied with Clause 9, and its director or person being tasked with responsibilities for the juristic person's life insurance brokerage operation has passed the knowledge test pursuant to Clause 10, and the relevant license issuance fee is fully paid for, the Registrar may consider issuing a life insurance broker license to the juristic person.

In granting a life insurance broker license to the juristic person pursuant to paragraph one above, the Registrar may specify conditions for the juristic person to comply with.

In considering an application for a license, the Registrar is empowered to investigate relevant facts or summon the applicant to give statements prior to granting a license. If there is any reasonably convincing cause and evidence of the life insurance broker license applicant's lack of qualifications, or possession of any one of the prohibited characteristics pursuant to Chapter 2, the Registrar is empowered to refuse to grant a license.

In a case where the juristic person is subject to an ongoing accusatorial or legal procedure conducted by the Office of Insurance Commission, a regulatory authority, or any local or foreign competent agency, on account of having committed an offense relating to insurance law, financial law, investment law, consumer protection law, or on account of having

dishonestly committed a criminal offense against property, the Registrar may withhold any license granting process until such procedure being conducted by the Office of Insurance Commission, the regulatory authority, or the competent agency is completed.

Clause 12 A life insurance broker license issued by the Registrar under Clause 11, paragraph one, shall be valid for a term of one year from its issuance date.

Chapter 4

Business Preparedness and Personnel

Clause 13 A juristic person holding a life insurance broker license must maintain the qualifications and possess none of the prohibited characteristics, as required of an applicant for a life insurance broker license under Chapter 2, save for the provision of Clause 7 (7) paragraph two. In addition, the juristic person must appoint or designate at least two persons to be tasked with responsibilities for its life insurance brokerage operation throughout the term of the license, who have operational knowledge or experience, as described below:

(1) Having been a life insurance broker license holder under the law on life insurance for at least two years prior to the date of the juristic person's application for a license;

(2) Having an understanding of the life insurance brokerage business operation; and

(3) Having had managerial experience in the operation of the insurance business or related businesses for at least two years and possessing none of the prohibited characteristics pursuant to Clause 17.

In this regard, a person tasked with responsibilities for its life insurance brokerage operation under paragraph one must be neither a director tasked with responsibilities for its life insurance brokerage operation, nor a person holding a life insurance broker license under the law on life insurance and having been concurrently appointed or designated to act as a life insurance broker on behalf of other juristic persons holding life insurance broker licenses.

Clause 14 A juristic person holding a life insurance broker license must comply with the conditions under which the license is granted:

In addition to the compliance required under paragraph one, the juristic person holding a life insurance broker license must maintain its financial position, personnel, and operating systems or work processes that are suitable to the size and characteristics of its business operation. The required work systems or work processes must consist of the following at a minimum:

- (1) work system or work process for good corporate governance;
- (2) work system or work process for risk management and internal control;
- (3) work system or work process for quality control in the sales offering;

(4) work system or work process for selecting, overseeing, and inspecting the conduct of a person holding a life insurance broker license under the law on life insurance, and having been appointed or designated to act as a life insurance broker on behalf of the juristic person holding a life insurance broker license;

(5) work system or work process for Customer data security; and

(6) work system or work process for management of complaints, fair Customer treatment, and conflicts of interest.

Clause 15 A juristic person holding a life insurance broker license must ensure that persons having passed the knowledge test pursuant to Clause 10 are on duty at all time during the juristic person's life insurance brokerage business operation throughout a period of at least three years from the date of receipt of the life insurance broker license.

In a case where a change of any person having passed the knowledge test pursuant to paragraph one is required during the period of three years from the date of receipt of the life insurance broker license, the juristic person holding a life insurance broker license, shall ensure that its director(s) or person (s) tasked with responsibilities in its life insurance brokerage operation take the knowledge test on life insurance as prescribed by the Registrar, and in this connection, the provision of Clause 10 shall apply *mutatis mutandis*.

Clause 16 An office and branch offices of the juristic person holding a life insurance broker license must have the following key characteristics:

(1) Having usable areas and office equipment that are appropriate for the life insurance brokerage business operation and are clearly designated;

(2) Having a clearly visible display of its life insurance broker license and a signboard bearing its name and declaration of its operation as a life insurance broker; and

(3) Having at least one life insurance broker on duty at each office and branch office to provide the public with relevant services and the Registrar or the official with any required clarification.

The provisions of (1) and (3) above shall not apply if the juristic person's life insurance brokerage business operation at the office or branch office is only limited to microinsurance policies, whereby any person wishing to take out insurance must contact the Company directly.

Clause 17 A juristic person holding a life insurance broker license is prohibited from appointing, or allowing any appointment of a person possessing the following characteristics to serve or act as a life insurance broker, or to be tasked with responsibilities for its life insurance brokerage operation:

(1) a person serving as a director tasked with responsibilities for its life insurance brokerage operation, or a person holding a life insurance broker license under the law on life insurance and concurrently acting as a life insurance broker on behalf of other juristic persons holding life insurance broker licenses; or

(2) a person serving as a director, manager, officer or employee of the Company concurrently.

Clause 18 A juristic person holding a life insurance broker license must maintain throughout the duration of its life insurance brokerage business operation an excess of assets over liabilities in an amount not less than the following amount:

(1) One million Baht – for a juristic person operating as a life direct insurance broker;

(2) One million Baht – for a juristic person operating as a life reinsurance broker; or

(3) One million and five hundred thousand Baht – for a juristic person operating as a life direct insurance broker and a life reinsurance broker.

In a case where a juristic person holding a life insurance broker license is also holding a non-life insurance broker license under the law on non-life insurance, the juristic person

must maintain an excess of assets over liabilities in an amount not less than two times the amount specified in (1), (2), and (3), as the case may be.

Clause 19 A juristic person holding a life insurance broker license, that is, either a Bank or a bill payment service provider license holder under the law on payment systems, must take payments of insurance premiums through remittance into the insurer Companies' Bank accounts only.

Juristic persons other than those specified in paragraph one, must ensure that their Bank deposit accounts for the purpose of taking or making payments of insurance premiums are maintained separately from other operating accounts, unencumbered, and managed in the following manners:

(1) Depositing all taken insurance premiums into a Bank account being maintained for the purpose of taking or making payments of insurance premiums on the first possible occasion but not later than the following business day;

(2) Issuing a letter to a relevant Bank entailing its consent given for the Registrar's inspection of the Bank deposit account being maintained for the purpose of taking or making payments of insurance premiums pursuant to paragraph one through a direct contact with the Bank, and sending a photocopy of the letter of such consent to the Registrar within 15 days from the date on which the bank account is opened pursuant to paragraph one; and

(3) Remitting insurance premiums to the insurer Companies on the first possible occasion but not later than the following business day.

Any change, increase, or decrease in relation to the bank deposit accounts maintained according to paragraph two shall be subject to the Registrar's prior approval.

The provisions of paragraphs two and three above shall apply to the maintenance of Bank deposit accounts for the purpose of taking or making payments of reinsurance premiums *mutatis mutandis*.

Clause 20 A juristic person holding a life insurance broker license and intending to change its life insurance brokerage business operation policy guideline and plan under Clause 9 (2) (a) shall put in place its most updated life insurance brokerage business operation policy guideline and plan at the juristic person's head office for the Registrar's or the official's inspection.

Clause 21 A juristic person holding a life insurance broker license shall notify the Registrar of detailed information pursuant to Clause 9 (2) (c) in writing within five days from the date of its office's or branch office's relocation.

While its office's or branch office's relocation is pending, the juristic person holding a life insurance broker license must maintain contact channels for its customers.

Clause 22 A juristic person holding a life insurance broker license shall notify the Registrar in writing within 15 days from the date of its juristic person has changed

(1) A person tasked with responsibilities for its life insurance broker operation under Clause 9 (2) (d) 4), a branch office manager or executive under Clause 9 (2) (d) 5), or a life insurance broker holding a life insurance broker license under the law on life insurance and being on duty in its office or branch office under Clause 9 (2) (d) 6); or

(2) Any registration particulars filed with the Company and the Partnership Registrar, in accordance with the Civil and Commercial Code, or the registrar under the law on public limited companies.

Clause 23 A juristic person holding a life insurance broker license, must maintain its register, books of accounts, business documents, and submit a report on its business operating results to the Registrar.

Clause 24 A juristic person holding a life insurance broker license must disclose its previous calendar year's financial statements and relevant notes to the financial statements having undergone the auditor's inspection and bearing the auditor's opinion through publication on its website or posting at its office and branch offices or other channels prescribed by the Office within five months from the end of the accounting period.

Chapter 5

Renewal of License

Clause 25 A juristic person intending to renew a life insurance broker license must submit an application in the form as prescribed by the Registrar within two months prior to the license expiry date.

In considering any license renewal, the provision of Chapter 2 shall apply *mutatis mutandis*.

Clause 26 If a license holder under Clause 25, having its license renewed previously on two consecutive occasions applied for a subsequent renewal of its license, the license to be subsequently issued shall be valid for a period of five years each.

Clause 27 The Registrar is empowered to refrain from granting a renewal of a life insurance broker license to any juristic person if it appears to the Registrar that the applicant for license renewal:

(1) fails to comply with the notifications or orders imposed by the Commission and the Registrar;

(2) discontinues its life insurance brokerage business operation without justifiable reasons; or

(3) maintains its register, books of accounts, business documents, and submits a report on its business operating results containing inaccurate or misleading information to the Registrar.

Chapter 6

Cessation of Life Insurance Brokerage Business

Clause 28 A juristic person holding a life insurance broker license and intending to cease its life insurance brokerage business operation shall proceed as follows:

(1) notify the Registrar at least 30 days prior to the date of deregistration of its objective of operating as a life insurance broker, and submit to the Registrar its life insurance brokerage business cessation plan, entailing, at a minimum, settlement of debts, remittance of insurance premiums to the Companies, and guidelines for making clarification to all concerned parties, such as customers, Companies, creditors, etc.

(2) notify all concerned parties of the intended cessation of its life insurance brokerage business operation at least 30 days prior to the date of deregistration of its objective of operating as a life insurance broker;

(3) disclose the intended cessation of its life insurance brokerage business operation at least 30 days prior to the date of deregistration of its objective of operation as a life insurance broker through publication on its website or display at its office; and

(4) notify the Registrar within five days of the date of deregistration of its objective of operating as a life insurance broker and return the license to the Registrar.

Transitional Provisions

Clause 29 It shall be deemed that all juristic persons having held life insurance broker licenses prior to this Notification taking effect, are life insurance brokers holding life insurance broker licenses hereunder and must achieve their business preparedness pursuant to Clause 14 by 19 May 2020.

Clause 30 Any application for life insurance broker license renewal submitted by a juristic person described in Clause 29 after this Notification has taken effect shall be subject to the criteria prescribed in Chapter 2, which shall apply *mutatis mutandis*, except for the provision of Clause 7 (7).

Any application for life insurance broker license renewal submitted by a limited partnership which is a juristic person described in Clause 29 after this Notification has taken effect, shall be subject to the criteria prescribed in Chapter 2, which shall apply *mutatis mutandis*, except for the provision of Clause 7 (1) and (7).

Clause 31 A juristic person described in Clause 29 shall notify its global positioning location (GPS) within two months from the date on which this Notification takes effect or on the date of its life insurance broker license renewal, whichever is earlier.

[Translation]

Notified on this 27th day of December B.E.2562 (2019).

Prasong Poontaneat

Permanent Secretary, Ministry of Finance

Chairman of the Insurance Commission