

Notification of the Insurance Commission

Re: Criteria, Procedures, Conditions, and Periods for Payment of Money or Indemnity under Non-life Insurance Contracts and Cases regarded as Non-life Insurance Companies' Acts to impede Indemnity Payments or Insurance Premium Refunds  
B.E. 2566 (2023)

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Wherewithal the provisions of the Insurance Commission Act B.E.2550 (2007) require the Insurance Commission to prescribe any act or conduct to be regarded as Non-life Insurance Companies' acts to impede indemnity payments or insurance premium refunds, as well as the criteria, procedures, and conditions for payment of money or indemnity under non-life insurance contracts, for the purpose of supervising non-life insurance companies' due compliance and payments of indemnity to the insured, the beneficiaries, or the persons being entitled to make claims under insurance policies, in accordance with the conditions and periods specified in the non-life insurance contracts.

By virtue of Section 36, paragraph two, Section 37 (11), and Section 49 of the Non-life Insurance Act B.E.2535 (1992), as amended, and Section 3 (1) of the Insurance Commission Act B.E. 2550 (2007), together with the resolution adopted at the Insurance Commission's Meeting No. 13/2022 on 23 December 2022, the Insurance Commission hereby prescribes this Notification as follows:

Clause 1 This Notification shall be called the "Notification of the Insurance Commission Re: Criteria, Procedures, Conditions, and Periods for Payment of Money or Indemnity under Non-life Insurance Contracts and Cases regarded as Non-life Insurance Companies' Acts to impede Indemnity Payments or Insurance Premium Refunds B.E. 2566 (2023)."

Clause 2 This Notification shall take effect as from the date following its publication.

Clause 3 The following notifications shall be repealed:

(1) the Notification of the Ministry of Commerce Re: Criteria, Procedures, and Periods regarded as Non-life Insurance Companies' Acts to impede Indemnity Payments or Insurance Premium Refunds, dated 27 September 2006;

(2) the Notification of the Insurance Commission Re: Criteria, Procedures, and Periods regarded as Non-life Insurance Companies' Acts to impede Indemnity Payments or Insurance Premium Refunds, dated 29 January 2016.

Clause 4 In this Notification

“Office” means the Office of the Insurance Commission;

“Company” means a company that has been licensed to undertake the non-life insurance business under the law on non-life insurance, and shall include a branch of any foreign non-life insurance company that has been licensed to undertake the non-life insurance business in the Kingdom of Thailand under the law on non-life insurance;

“Headquarters” shall include an office of any foreign life insurance company’s branch that has been licensed to undertake the non-life insurance business in the Kingdom of Thailand under this Act;

“Registrar” means the Secretary-General of the Insurance Commission, or any person assigned by the Secretary-General of the Insurance Commission;

“Commission” means the Insurance Commission;

“Insurance Fraud” means any committed offense as prescribed in Section 108/4 and Section 108/5 of the Non-life Insurance Act B.E. 2535 (1992), as well as any amendment(s) thereto, and Section 45 of the Protection for Motor Vehicle Victims Act, as well as any amendment(s) thereto;

Clause 5 This Notification shall not apply to any Company that has been licensed to undertake the reinsurance business only.

Clause 6 A Company’s Board of Directors shall be tasked with the duty to supervise the Company’s compliance with the criteria, procedures, conditions, and periods specified in this Notification.

## Chapter 1

### Criteria, Procedures, and Conditions for Payment of Money or Indemnity under Non-life Insurance Contracts

Clause 7 The Office shall be empowered to prescribe the guidelines in the interest of due compliance with this Notification.

Clause 8 A Company shall set up an operating system for managing payments of money or indemnity under non-life insurance contracts, that is readily operational with the following characteristics at a minimum:

(1) Having a unit for receiving incident notifications or communication channels between the Company and the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policies, and having a data recording and inspecting system for the purpose of making payments in accordance with conditions of non-life insurance contracts;

(2) Having a system for verification of information on underwriting and claims for payment of money or indemnity under non-life insurance contracts, that is clear and verifiable;

(3) Having a system, for recording incident notifications data and issuing non-life insurance contracts claim receipt numbers, that links the data recordings with the estimated indemnity data and the data on approval of payments of money or indemnity under non-life insurance contracts, as well as having a system for recording every change of the aforesaid data;

(4) Having a support system for supporting non-life insurance contracts money or indemnity payments management, such as an information technology or computer system, where the Company shall demonstrate the linkage of the related systems, such as underwriting data that is linked to the system for payments of money or indemnity under non-life insurance contracts and the Company's receiving and making payment system;

(5) Having a system for linking data between the Headquarters and branch offices so as to ensure that the acquired data and the data on payments of money or indemnity under non-life insurance contracts made by branch officers are accurately and completely recorded.

Clause 9 A Company shall designate persons being empowered to review and approve the payments of money or indemnity under non-life insurance contracts, and persons being empowered to authorize the payments in accordance with the principle of internal checks and balances.

Clause 10 When a Company receives an incident notification or there is a claim for payment of money or indemnity under a non-life insurance contract, the Company shall undertake the following acts at a minimum:

(1) Recording data of all incident notifications or claims by linking such data to the record of relevant indemnity register and the Company's account within seven days from the date of receipt of the data; and simultaneously issuing a log number for the loss inspection and the initial loss reserve;

(a) If a survey is required, the Company shall notify relevant units for assigning officers to conduct the survey at the place of incident or a place indicated by the insured, and issue a receipt for incident notification or a report on loss verification to the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, as evidence for making further communications with the Company or other relevant arrangements;

(b) If a survey is not required, the Company shall notify the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, of all documents and evidence required in proceeding with the claim, the communication channels with the Company, and the period for reviewing and making payments of money or indemnity under the non-life insurance contract.

(c) Every change to the initial loss reserve must be recorded; and any cause of such changes must be traceable;

(2) Setting up a procedure for reviewing loss, loss adjustment, and necessary tests for the purpose of accurate and reliable valuation of loss, as well as making communications to align comprehension among the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, with a view to making the procedure for payments of money or indemnity under non-life insurance contracts be acceptable and less likely be objected to by any concerned parties;

(3) Proceeding with a review and payments of money or indemnity under non-life insurance contracts until its completion within a period specified by the Company, but not exceeding the period specified in the insurance contracts or the period specified by law, and informing the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, of such proceedings within the aforementioned period;

(4) In a case where the Company has agreed to make a payment of money or indemnity under the non-life insurance contract pursuant to (3), the Company shall set up a procedure for monitoring a receipt of the intended payment by the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, throughout the period during which the indemnity claim is not barred by prescription;

(5) In a case where the Company's intended payment of money or indemnity under the non-life insurance contract is made by cheque, and none of the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, has yet to collect any cash from the bank when the cashing period has lapsed, such uncashed cheque amount shall be considered an outstanding sum of the indemnity payment, and the Company shall be required to pursue a procedure for monitoring a receipt of the intended payment by said persons pursuant to (4);

(6) In a case where the Company refuses to make any payment of money or indemnity under a non-life insurance contract, or is unable to reach an agreed amount of such payment, the Company shall ensure that the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, are clearly and promptly informed of such refusal with details of relevant facts and rationales, including legal provisions or conditions under the insurance policy or clarification of the rationale behind the refusal of the claimed amount, as well as a notification of channels and procedure for communicating with the Company, that include, at a minimum,

email addresses and telephone numbers of the Company's assigned personnel being responsible for the review of such claim;

(7) In a case where the Company refuses to make any payment of money or indemnity under a non-life insurance contract pursuant to (6) on the basis of a suspicion of any dishonest or corrupt act, or Insurance Fraud committed by the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, which constitutes an offense under Section 108/4 or Section 108/5 of the Non-life Insurance Act B.E. 2535 (1992), including any amendment thereto, or Section 45 of the Protection for Motor Vehicle Victims Act B.E. 2535 (1992), including any amendment thereto, or Section 341, Section 342 or Section 347 of the Penal Code, the Company shall lodge a complaint with an inquiry official or institute a lawsuit at the court without any delay. After having proceeded as aforesaid, the Company shall notify the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, of the details of such proceedings together with its refusal to make a payment of money or indemnity under the non-life insurance contract. In addition, the Company shall set up a procedure for monitoring the proceedings of action against those persons consecutively, in order to be informed of the outcome of the proceedings and promptly apply it in the review of payment of money or indemnity under the non-life insurance contract;

(8) In a case where the Company's monitoring reveals that the public prosecutor has not yet issued a prosecution order or an opinion supporting an order to prosecute such persons, within two years from the date of the Company's lodging of a complaint pursuant to (7), the Company shall make the payment of money or indemnity under the non-life insurance contract within fifteen days from the date of the Company's receipt of documents evidencing the monitoring of such proceedings from the public prosecutor or the inquiry official, as the case may be, indicating that the public prosecutor has not issued a prosecution order or an opinion supporting an order to prosecute, and a complete set of the documents and evidence in support of the indemnity payment claim;

(9) The Company shall notify the review outcome pursuant to (6) and (7) in writing. In this regard, the Company may notify in writing via registered return-receipt mail or by electronic means. In the case of electronic means, the Company shall have first obtained consent from the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, and must proceed by using a method with the security level as prescribed by the law on electronic transactions and affixing electronic signatures which are reliable under such law. In addition, the Company shall transmit the information on the review outcome to the information system

specified by the insured only. In a case where the Company is unable to notify the review outcome to that information system, the Company shall notify the review outcome via registered return-receipt mail.

Clause 11 In a case where a Company engages a third-party to provide services in relation to any proceeding under this Notification, the Company must arrange for an engagement contract with a material subject matter concerning the details of the service fee rates and operating expenses, details of expenses in support of the operations, and the period for rendering services to the Company. In addition, the Company must oversee such party's performance of contractual obligations, and the giving of testimony, opinions, or delivering relevant documents or evidence to the Registrar or the competent officer upon being requested by the Registrar or the competent officer.

The provision of paragraph one shall not apply to the use of any third-party services with a prior permission granted by the Registrar under Section 35 of the Non-life Insurance Act B.E. 2535 (1992), including any amendment thereto.

Clause 12 A Company shall set up a specific internal unit tasked with handling a request for reconsideration of the non-life insurance contract money or indemnity payment review outcome, to consider any complaints in a case where the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, do not agree with the Company's non-life insurance contract money or indemnity payment review outcome and wish for the Company's reconsideration of the review outcome. In this regard, the Company shall consider the complaint and proceed in accordance with the following criteria:

(1) An executive being empowered to make decisions on complaints, shall supervise the proceeding and review of the non-life insurance contract money or indemnity payment;

(2) In a case where a complaint is complicated or involves a large amount of money, any decision on the complaint must be made by a committee, comprising the executive being empowered to make decisions on complaints, the persons being responsible for the indemnity review unit, the underwriting unit, the legal unit, and the legal compliance unit. In this regard, the Company may specify the composition of the committee to be different from the above with the approval of the Company's Board of Directors;

(3) The unit tasked with handling a request for reconsideration of the non-life insurance contracts money or indemnity payment review outcome shall complete any such reconsideration within a period specified by the Company, that is not exceeding thirty days from the date of the

Company's receipt of a request for the reconsideration or any additional documents and evidence (if any);

(4) In a case where the Company agrees to make a non-life insurance contract money or indemnity payment, the Company shall complete such payment within the period specified by law;

(5) In a case where the unit tasked with handling a request for reconsideration of the non-life insurance contract money or indemnity payment review outcome affirms the opinion of the Company's officer pursuant to Clause 10 (6) and (7), such unit shall notify the reconsideration requester accordingly, entailing the rationale for the affirmation of such claim refusal, and the relevant laws or conditions under insurance policy, or clarifying the rationale for being unable to make a payment of money or indemnity so claimed to the reconsideration requester;

(6) The Company shall notify the review outcome pursuant to (5) in writing. In this regard, the Company may notify the review outcome in writing via registered return-receipt mail or by electronic means. In the case of electronic means, the Company shall have first obtained consent from the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, and must proceed by using a method with the security level as prescribed by law on electronic transactions and affixing electronic signatures which are reliable under such law. In addition, the Company shall transmit the information on the review outcome to the information system specified by the insured only. In a case where the Company is unable to notify the review outcome via that information system, the Company shall notify the review outcome via registered return-receipt mail.

(7) The Company shall store the information on all proceedings for further report to the Office upon request.

Clause 13 A Company must maintain its preparedness with respect to sufficient and quality personnel, and must procure written manuals for an operating system pursuant to Clause 8, for proceedings pursuant to Clause 10, and for an operation of a specific internal unit tasked with handling a request pursuant to Clause 12, as well as for an operation of relevant employees at all levels, that are up-to-date in line with the Company's business operation, and available for inspection by the competent officer upon request. In this regard, the Office may order the Company to revise these manuals, as well as any relevant operating systems and operating procedures as it considers appropriate.

Clause 14 A Company shall disclose the steps and procedure for filing non-life insurance contract money or indemnity payment claims pertaining to each type of insurance policy, as well

as the procedure for reconsideration of non-life insurance contract money or indemnity payment review outcome, on the Company's website, specifying the following details at a minimum:

(1) All documents and evidence required of the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy in pursuing a non-life insurance contract money or indemnity payment claim;

(2) Channels for communicating with the Company and its relevant units;

(3) The period of time for review and payment of the non-life insurance contract money or indemnity payment.

After having proceeded in accordance with paragraph one, the Company shall provide the Office the details of such disclosure in accordance with the procedure specified by the Office within thirty days of the date of disclosure on the website. In a case where there is a reasonable cause, the Company may request the Office to grant an extension of such period, but not exceeding sixty days. In this regard, the Office may order the Company to revise the details of such disclosure made pursuant to paragraph one as it considers appropriate.

In a case where the Company changes any material detail of the disclosure made pursuant to paragraph one, the Company shall comply with paragraph one and paragraph two upon making each change.

In a case where the Company does not disclose the period of time for review and payment of money or indemnity pertaining to any type of non-life insurance contracts, it shall be deemed that the period for the Company's review and payment of money or indemnity is fifteen days from the date of its receipt of a complete set of documents and evidence. The aforementioned period shall not apply in a case where the relevant non-life insurance contract clearly sets forth a specific period of time for review and payment of money or indemnity. In such case, the Company shall make a payment of money or indemnity to the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy within the period so specified in the insurance policy.

## Chapter 2

### **Criteria, Procedures, and Periods Regarded as Non-life Insurance Companies' Acts to Impede Indemnity Payments or Insurance Premium Refunds**

Clause 15 Any act or conduct of a Company conforming to any one of the following criteria, procedures, and periods shall be regarded as the Company's acts to impede indemnity payments or insurance premium refunds to the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, without justifiable reasons or in bad faith:

(1) In a case where damage that is covered under an insurance contract is occurred and the parties have reached a settlement of indemnification according to the insurance contract but the Company fails to issue any written evidence thereof signed by its authorized representative.

(2) In a case where an indemnification is agreed to be made in cash but the Company fails to fix an amount or a particular date for receipt of such agreed amount or fixes a date for receipt of such agreed amount later than fifteen days from the date of the final agreement and the Company's receipt of a complete set of documents.

(3) In a case where a settlement of compensation for damage is agreed to be made in other forms, the Company fails to clearly specify a chosen form, place, and period of the settlement, or specifies a period for completing such settlement later than fifteen days from the date of the final agreement and the Company's receipt of a complete set of documents, unless there is a reasonable cause and a consent thereto is given by the opposing party;

(4) In a case where a settlement of indemnification is agreed to be made in cash, the Company fails to make a payment of such indemnity within fifteen days from the date of the final agreement and the Company's receipt of a complete set of documents;

(5) In a case where a payment is made by cheque without a named payee clearly specified or with a postdating date later than fifteen days from the date of the final agreement and the Company's receipt of a complete set of documents, or the cheque is subsequently dishonored by a bank;

(6) In a case where an agreement or compromise settlement entailing an amount of indemnity payable or insurance premium refundable under any non-life insurance contract is reached, and a settlement contract is made accordingly, regardless of when such contract is concluded, the Company fails to comply with such settlement contract;

(7) The Company intentionally violates the provisions of non-life insurance contracts, or any terms or rules that clearly require the Company to have the obligation to make a payment of indemnity, give any other benefits or undertake any act for the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy;

(8) The Company fails to perform the debt obligations arising from a non-life insurance contract, rendering that it is necessary for the insured, the beneficiaries, or the persons being entitled to make claims under an insurance policy, to lodge a complaint to the Office. If after having considered the complaint, the Registrar is of the opinion that the Company is obligated to make an indemnification according to the insurance policy, comply with any contractual terms, or refund an insurance premiums, as the case may be, but the Company has not disputed

or objected to the opinion of the Registrar in writing within fifteen days from the date of the Company being informed of the Registrar's opinion, and the Company fails to comply with the Registrar's opinion;

(9) The Company fails to perform the debt obligation arising from a non-life insurance contract, rendering that it is necessary for the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, to lodge a complaint with the Office; and after having considered the complaint the Registrar has the opinion that the Company is obligated to make an indemnification according to an insurance policy, comply with any contractual terms or to refund insurance premiums, as the case may be; and the Company fails to comply with the Registrar's opinion and has disputed or objected to the Registrar's opinion in writing within fifteen days from the date of the Company's being informed of the Registrar's opinion; and the case is subsequently referred to the review by court or arbitration; and the court renders a final judgement, or the arbitrator renders an award requiring the Company to make an indemnification, comply with any contractual terms or refund insurance premiums;

(10) In a case where the Company is obligated by a final court judgment to make an indemnification according to an insurance policy, comply with any contractual terms or to refund an insurance premium, the Company fails to comply with the court judgement within the period specified in a legal execution decree;

(11) In a case where an arbitral tribunal renders an award that requires the Company to make an indemnification according to an insurance policy, comply with any contractual terms or to refund an insurance premium, the Company fails to comply with the arbitral award within the period specified in the award, with the exception of the case that the Company has filed a petition to the court to challenge the arbitral award within ninety days from the date of the Company's receipt of a copy of the award, and thereafter the court renders a final order dismissing the Company's petition or the court has issued a final order requiring the Company to comply with the arbitral award;

(12) In a case where an indemnification is made through an arrangement of repairing, rebuilding, or replacing certain property, and the Company fails to complete the arrangement within fifteen days from the date of the final agreement and the Company's receipt of a complete set of documents, unless the Company has notified the opposing party of a reasonable cause for the failure within the aforementioned period and obtained the party's written consent thereto. If the opposing party's consent is not so given, the Company shall ensure that evidence on such

reasonable cause and its notification of such reasonable cause being made to the party within the said period, are explicitly presented to the officers.

(13) In a case where the Company opts to make an indemnification by issuing a repair order, whereby the Company supplies spare parts or equipment to a contractor for such repair, but the Company does not promptly supply the spare parts or equipment within fifteen days from the date of the contractor's receipt of the property to be repaired and the repair order from the Company, unless the Company has notified the opposing party of a reasonable cause within the aforementioned period and obtained the opposing party's written consent thereto. If the opposing party's consent is not so given, the Company shall ensure that evidence on such reasonable cause and its notification of such reasonable cause being made to the party within the said period, are explicitly presented to the officers.

In a case where such spare parts are not available for sale in Thailand and they need to be purchased from overseas, the Company fails to issue a purchase order immediately on the date of the Company's being notified by the contractor for repair or repair shop.

(14) In a case where an insured, a beneficiary, or a person being entitled to make claims under the insurance policy is not allowed to take over the completely repaired property because of the repair contractor's exercise of its lawful right of lien on such repaired property as a result of the Company's failure to pay for the repair in whole or in part as agreed with the repair contractor.

(15) In a case where the insured property is totally lost and an insured's or a beneficiary's claim for indemnification from the Company is made and a complaint about the loss has been lodged with and duly accepted by an inquiry official, the Company fails to make an indemnification within fifteen days from the date of the receipt of the complete set of documents and evidence.

(16) In a case where a non-life insurance contract, any rules or regulations issued by virtue of law expressly specifies that the Company is obligated, upon a termination of the insurance policy, to refund an insurance premium to an insured, a beneficiary, or a person being entitled to make claims under the insurance policy, the Company fails to refund such premium within fifteen days from the date of termination of the insurance policy.

(17) In a case where a casualty under any non-life insurance contract occurs, the Company fails to promptly survey and adjust the loss within fifteen days from the date of the Company's receipt of a loss notification or a claim being made, unless there is a reasonable cause of necessity

and the Company has notified an insured, a beneficiary, or a person being entitled to make claims under the insurance policy regarding such reasonable cause of necessity.

(18) In a case where the Company fails to make any indemnification under any non-life insurance contract due to its suspicion of any dishonest or corrupt, or Insurance Fraud, committed by the insured, the beneficiaries, or the persons being entitled to make claims under the insurance policy, which constitutes an offense under Section 108/4 or Section 108/5 of the Non-life Insurance Act B.E. 2535 (1992), including any amendment thereto, or Section 45 of the Protection for Motor Vehicle Victims Act B.E. 2535 (1992), including any amendment thereto, or Section 341, Section 342 or Section 347 of the Penal Code, and the Company has commenced criminal proceedings against such person, but the public prosecutor issues an order ceasing the investigation or an absolute order of non-prosecution, or the court renders a final judgment dismissing the complaint, as the case may be, the Company fails to make any indemnification under the non-life insurance contract within fifteen days from the date of the public prosecutor's order or the court's judgment, as the case may be.

#### **Transitory Provision**

Clause 16 All notifications, conditions, or orders issued under the Notification of the Insurance Commission Re: Criteria, Procedures, and Conditions for Non-life Insurance Companies' Payment of Money or Indemnity under Non-life Insurance Contracts B.E. 2559 (2016) that take effect on the effective date of this Notification shall continue to be in full force to the extent that they are not contrary to or in conflict with this Notification, until notifications, conditions, or orders are issued under this Notification and take effect.

Clause 17 Any investigation or review lawfully carried out by the Office before this Notification takes effect shall be valid. Any investigation or review having remained pending before this Notification takes effect shall be carried out in accordance with this Notification until it is completed.

Notified on this 24<sup>th</sup> day of January B.E. 2566 (2023).

Permanent Secretary, Ministry of Finance  
Chairman of the Insurance Commission