

Notification of the Office of Insurance Commission
Re: Criteria, Procedures, and Guidelines on Participation in
the Insurance Product Innovation and Tailor-Made Sandbox

At present, given economic and social situations are changing swiftly, it is an opportunity and challenge for the insurance business to change and develop new insurance products in order for the business itself to maintain the same speed as the changing situation, able to access every level of customers, satisfy various demands of the public, as well as improve customer service.

The Office of Insurance Commission (the Office) has foreseen the benefits to the public, the Office, therefore, introduces the Insurance Product Innovation and Tailor-Made Sandbox as a support for the insurance business to be able to design and fashion new insurance product innovations that are different from the existing products in terms of coverage, offering for sale, service provision, and determination of factors in insurance premium computations, to satisfy the demands and risks to the insured, and to become more flexible to the economic and social situations, all of which would benefit the public. The participants may experiment with insurance products under a limited environment with limited services, and under the supervision of the Office to prevent any potential public-wide impacts. The statistics on insurance acceptances, payments of claim, and relevant information shall be collection for the purposes of further development and improvement of insurance product and premium to be in line with the demands and actual risks.

Since the forms of and texts in an insurance policy, which an insurance company issues to an insured, and insurance premium rates as specified by the company must be approved by the Registrar in accordance with Sections 29 and 30 of the Life Insurance Act B.E. 2535 (1992), together with Sections 29 and 30 of the Non-Life Insurance Act B.E. 2535 (1992), for the benefits of insurance product innovation and tailor-made insurance product which are able to reflect each particular risk and satisfy all the customers' demands, as well as the flexibility and acceleration of the approval process for the form of and texts in an insurance policy and the premium rate,

[Translation]

the Office formulates the criteria, procedures, and guidelines on participation in the insurance product innovation and tailor-made sandbox attached hereto.

Notified on this 9th July B.E. 2564 (2021).

General Secretary, Office of Insurance Commission

Criteria, Procedures, and Guidelines on Participation in the Insurance Product Innovation and Tailor-Made Sandbox

An application to participate in the Insurance Product Innovation and Tailor-Made Sandbox shall be in accordance with the following criteria and procedures:

1. Definitions

“Insurance Company” means:

(1) a company that has been licensed to undertake the life insurance business under the law on life insurance, and shall include a branch office of any foreign life insurance company that has been licensed to engage in the life insurance business in the Kingdom of Thailand;

(2) 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 office of any foreign non-life insurance company that has been licensed to engage in the non-life insurance business in the Kingdom of Thailand;

“Insurance Broker” means

(1) a juristic person that has been licensed to undertake a life insurance brokerage under the law on life insurance;

(2) a juristic person that has been licensed to undertake a non-life insurance brokerage under the law on non-life insurance;

“Office” means the Office of the Insurance Commission;

2. Applicants

(1) Insurance Companies;

(2) Insurance Brokers;

3. Qualifications of the Applicants

(1) The applicants must have an operation system, and personnel with knowledge, capability, and experience which are sufficient to provide the services in an appropriate manner;

(2) The applicants must clearly define the framework and scope of the testing, and the expected results from the testing of product, with the intention to offer such product to consumers in Thailand, after it has passed the test in the Product Innovation and Tailor-Made Sandbox;

(3) The applicants must have the results of the studies that show the feasibility of the product to be tested, any potential risks from testing, and a plan to manage such risks;

(4) The applicants must have an underlying plan for leaving the Product Innovation and Tailor-Made Sandbox, both in the case where the applicants are successful and unsuccessful.

In the case where an applicant is an Insurance Broker, there must be at least one Insurance Company participating in the Product Innovation and Tailor-Made Sandbox.

4. Types of Insurance Products Available to be Tested

With respect to the types of insurance products which can be tested, the insurance products shall be those which are not qualified to participate in the Insurance Regulatory Sandbox under the Notification of the Insurance Commission, Re: Guidelines on Participation in the Insurance Regulatory Sandbox B.E. 2564 (2021), and shall possess any one of the following descriptions:

(1) being tailor-made insurance products, regardless of the use of personal data collection tools;

(2) being a development of insurance products which there is no statistical data or its statistical data does not suffice as to use as references in determining insurance premium rates, as well as the forms of and texts in an insurance policy, the testing is therefore necessary to collect data;

(3) being the insurance products which are exposed to insurance risks, insurance market risks, credit risks, operational risks, or other potential risks arising out of factors, or environments, or fluctuations from the economic, social, and investment conditions which affect the computation of insurance premium rates; or

(4) being the insurance products during the process of consideration and determination of criteria or practice guidelines in order to standardize practice for the business sector.

5. Application Process and Consideration Period

Persons wishing to participate in the project can submit the application form together with evidential documents in support of the consideration on their participation status with the Office, file the application form including submit evidential documents in support of the consideration on their participation status. After initial consideration, the Office shall call the applicants to present the testing project and operation plan, and details of the insurance product

to be tested. The consideration results shall be notified within 30 business days from the date on which the testing, operation plan, and details of the insurance product to be tested are presented. In this regard, regardless of the successfulness of the testing, the Office shall notify the applicants of the consideration results within thirty business days.

Upon approval under the first paragraph, the applicants shall accordingly have an Insurance Company to file an application for approval of the form and texts in an insurance policy, and of the premium rate with the Registrar.

6. Testing Period

The period for testing of the insurance products shall be determined based on the target groups, or the number of the insured persons, or scope of the test specified in the operation plan, depending on the suitability of each insurance products.

The participants may request for an extension of testing period under the paragraph one by filing a letter requesting for permission with the Office in advance of no less than thirty business days before the due date, with an explanation of reasons and the period requested for extension.

In granting permission for extension of the testing period of the insurance products under the paragraph two, the Office may request the participants to declare the reasons, necessities, or to present documentation, information, or statistics regarding the testing of insurance products for the purposes of support of the consideration. In the case where the Office issues no objection letter within the period so specified, it shall be deemed that the Office grants the participants the permission to extend the testing period of the insurance products to the requested date.

7. Actions to be Taken During the Test

During the testing period, the applicants must proceed as follow:

(1) Consumer Protection:

The applicants must have in place measures for protecting the insured as follows:

(a) The insured must receive accurate and complete information to the extent that is adequate for decision-making, and must be informed that the testing is for the Product Innovation and Tailor-Made Sandbox;

(b) In the case of tailor-made insurance products, there must be a process for the insured to provide consent to give information regarding the tailor-made risks;

(c) there must be channels and measures for handling of complaints;

(d) there must be a plan to compensate the insured or the parties suffering from damage arising out of errors of the testing.

(2) Risk Management:

The applicants must have a risk management system that is adequate, as well as a system to retain personal data.

(3) Submission of Reports:

The applicants must submit to the Office the relevant report prepared in the form and within the agreed period.

(4) Compliance with other relevant laws:

The applicants must comply with other relevant laws, for example, the law on personal data protection.

8. Consideration on supervision shall be as flexible as appropriate and as necessary, as the case may be

In the test, if there is a notification or order of the Registrar, a notification of the Office, or any other notification or order issued by virtue of the Permanent Secretary which impedes the testing, the applicants may file an application for relaxation of compliance, or for non-compliance to the insignificant criteria specified in such notification or order with the Registrar or the Office. In this regard, the applicants shall not do so until the Registrar or the Office issues the notification or order allowing the participants of the Product Innovation and Tailor-Made Sandbox to otherwise take actions specifically.

9. Leaving the Testing

(1) The testing period is complete.

(2) The applicants leave the testing is successful as they have accomplished the purpose.

(3) The applicants wish to leave the testing by informing the Office in advance.

(4) The Office retires the applicants from the testing due to the following reasons:

[Translation]

(a) The applicants or the Office encounters or receives complaints or defects due to the insurance products or operation procedures, and they are irremediable.

(b) The applicants fail to comply with the conditions mutually agreed with the Office during the testing.

In the case of the leaving the testing under (3) or (4), the applicants shall:

(1) cease from offering or providing services to the new insured, and cease from providing to the existing insured any additional services other than those which have been provided;

(2) inform the existing insured thereof before cessation of service, and shall take into account the consumer's rights; and

(3) report the result of operation under Clause 1 (4) (a) or (b) to the Office within thirty days from the date on which the applicant ceases the testing.