

# TABLE OF CONTENTS

<b>0.0 EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>1.0 INTRODUCTION .....</b>	<b>3</b>
What is this report about? .....	3
<i>Distribution partnerships with banks and other lending institutions constitute the focus of this report .....</i>	<i>3</i>
Rationale .....	3
<i>Bancassurance is one of the most important distribution channels for life insurance in Thailand.....</i>	<i>3</i>
Methodology .....	4
Survey of banks and other lending institutions.....	4
Market data.....	4
Definitions .....	5
Investment-related life insurance .....	5
Retirement savings .....	5
Risk life insurance.....	5
Critical illness insurance .....	5
Income protection insurance .....	6
Accident insurance .....	6
Health / hospital cash plans .....	6
Medical expenses insurance.....	6
Personal motor insurance .....	6
Household insurance.....	6
Creditor insurance.....	7
Mortgages, consumer finance and credit cards .....	7
Weighted provider share of partnerships .....	7
Operating models .....	8
Abbreviations and exchange rates.....	9
PartnerBASE™ and market data annexe.....	9
Finaccord .....	9
<b>2.0 MARKET BACKGROUND .....</b>	<b>12</b>
Banks and other lending institutions covered .....	12
Economic background .....	12
<i>Thailand benefits from an open and export-driven economy.....</i>	<i>12</i>
<i>... although economic success is not shared equally across the country.....</i>	<i>13</i>
<i>In the Ease of Doing Business ranking, Thailand's economy is ranked 17th in the world.....</i>	<i>13</i>
Introduction to the banking sector .....	14
<i>In terms of its number of retail customers, Bangkok Bank leads the market .....</i>	<i>14</i>
<i>Government-owned institutions play an important role in the mortgage lending sector .....</i>	<i>14</i>
<i>The presence of foreign-owned banks in the market is comparatively limited.....</i>	<i>15</i>
<i>... with several overseas entities having exited the market in recent years .....</i>	<i>15</i>
Introduction to bancassurance .....	15
<i>Bancassurance in Thailand is well-developed especially for life insurance products.....</i>	<i>15</i>
<i>A number of banks have divested stakes in insurance companies in recent years.....</i>	<i>16</i>
<i>... although Siam Commercial Bank has taken full control of its joint venture... ..</i>	<i>16</i>
<i>... leaving only two bona fide joint venture insurers in the bancassurance sector.....</i>	<i>16</i>
<i>Many insurance companies sell through banks as a part of a multi-channel strategy.....</i>	<i>17</i>
<i>... although those with the most exposure to bancassurance have tended to grow most rapidly .....</i>	<i>17</i>

<i>The Thai bancassurance market is subject to relatively 'light touch' regulation</i> .....	17
<b>3.0 INVESTMENT-RELATED LIFE INSURANCE AND RETIREMENT SAVINGS</b> .....	<b>18</b>
Insurance market size and growth .....	18
<i>The market for investment-related life insurance experienced rapid growth between 2008 and 2012</i> .....	18
... with a wide range of policy types in evidence .....	18
Distribution share of banks .....	20
<i>Bancassurance accounts for over 35% of total life insurance premiums</i> .....	20
Bancassurance provision rates, operating models and partnerships .....	20
Investment-related life insurance .....	20
<i>One third of organisations surveyed in Thailand offer forms of investment-related life insurance products</i> .....	20
... with Krungthai-AXA Life leading the market in terms of its weighted share of partnerships.....	20
... followed by SCB Life, which obtains over 80% of its business from bancassurance .....	20
<i>The majority of banking organisations collaborate with a single external insurance provider</i> .....	21
Retirement savings .....	23
<i>Provision of retirement savings products is mostly limited to the larger banking networks</i> .....	23
<i>Bangkok Life secures over 60% of its business from the bancassurance channel</i> .....	23
Performance of key bancassurance underwriters .....	23
<b>4.0 PROTECTION-RELATED LIFE INSURANCE</b> .....	<b>25</b>
Insurance market size and growth .....	25
<i>Protection-related life insurance premiums increased strongly between 2008 and 2012</i> .....	25
Distribution share of banks .....	26
Bancassurance provision rates, operating models and partnerships .....	26
Risk life insurance .....	26
<i>Nearly 40% of Thailand's banking institutions promote some form of risk life insurance</i> ... ..	26
... with partnerships spread across ten different providers.....	26
<i>26 banking organisations have no visible arrangement in place for risk life insurance</i> .....	27
Critical illness insurance .....	29
<i>Only a limited number of institutions surveyed are distributors of critical illness insurance</i> .....	29
... with familiar underwriters leading the market in terms of partnership share.....	29
Income protection insurance .....	29
<i>Income protection insurance has yet to establish itself as a core bancassurance product</i> .....	29
Performance of key bancassurance underwriters.....	32
<i>The combined market share of key bancassurers increased consistently between 2007 and 2011</i> .....	32
<b>5.0 ACCIDENT AND HEALTH INSURANCE</b> .....	<b>33</b>
Insurance market size and growth .....	33
<i>The markets for accident and health insurance are roughly similar in terms of their size and growth</i> .....	33
<i>Accident and health cover is often offered as an add-on to life policies rather than stand-alone</i> .....	33
Distribution share of banks .....	33
<i>Banking organisations play an important role in the distribution of personal accident insurance</i> .....	33
Bancassurance provision rates, operating models and partnerships .....	35
Accident insurance .....	35
<i>Over a third of banking institutions surveyed act as distributors of stand-alone accident insurance</i> .....	35
<i>By weighted share of partnerships, Bangkok Life is a sector leader thanks to its deal with Bangkok Bank</i> .....	35
<i>ACE Life is utilised by three banking organisations in this field</i> .....	35
<i>27 banking organisations have no apparent scheme in place for accident insurance</i> .....	35
Medical expenses insurance.....	37
<i>Only six partnerships for medical expenses insurance are visible</i> ... ..	37
... with most deals similar to those also observed for accident cover .....	37

Health / hospital cash plans .....38

## BANCASSURANCE IN THAILAND: LIFE, NON-LIFE AND CREDITOR INSURANCE

<i>Health or hospital cash plans are not commonly offered through banking organisations</i> .....	39
<i>...although ACE emerges as the sector leader as a result of two bank relationships</i> .....	39
Performance of key bancassurance underwriters.....	41
<b>6.0 PERSONAL MOTOR AND HOUSEHOLD INSURANCE</b> .....	<b>42</b>
Insurance market size and growth.....	42
<i>Personal motor insurance is worth around 25 times as much as household insurance</i> .....	42
<i>... partly because third party liability insurance is compulsory for car drivers</i> .....	42
<i>The regulation of non-life insurance products has tightened in recent years</i> .....	42
Distribution share of banks.....	44
<i>Bancassurance holds a distribution share of close to 10% of motor insurance</i> .....	44
Bancassurance provision rates, operating models and partnerships.....	44
Personal motor insurance.....	44
<i>Over a third of the banking organisations researched offer personal motor insurance</i> .....	44
<i>...with Bangkok Insurance ranked first among providers by weighted share of partnerships</i> .....	44
Household insurance.....	46
<i>The provision rate for household insurance is higher than that for personal motor insurance</i> .....	46
<i>...and the first three providers by weighted share of partnerships are identical</i> .....	46
Performance of key bancassurance underwriters.....	48
<i>SCB Samaggi has lost ground in motor insurance but increased its market share in fire insurance</i> .....	48
<b>7.0 CREDITOR INSURANCE</b> .....	<b>49</b>
Consumer lending market size and growth.....	49
Mortgage lending.....	49
<i>Residential mortgage balances grew at a nominal annual rate of 11.5% between 2008 and 2012</i> .....	49
Non-mortgage lending.....	50
<i>The compound annual growth rate for non-mortgage balances is higher than that for mortgages</i> .....	50
Credit and other pay later cards.....	51
<i>Credit card penetration in Thailand remains very low by international standards</i> .....	51
Creditor insurance provision rates, operating models and partnerships.....	53
Creditor insurance linked to mortgages.....	53
<i>Provision of creditor insurance by mortgage lending institutions is universal</i> .....	53
<i>By weighted share of partnerships, Krungthai-AXA is the most prominent competitor</i> .....	53
<i>AIA has a prominent position in this field when compared to that for other products</i> .....	53
Creditor insurance linked to consumer finance.....	55
<i>Loan payment protection insurance is offered by over 60% of eligible lenders in Thailand</i> .....	55
<i>... with the leading providers identical to those for mortgage-related creditor insurance</i> .....	55
<i>Thai Cardif holds the most distribution partnerships</i> .....	55
<i>... in a sector in which at least a dozen insurance providers are active</i> .....	55
Creditor insurance linked to credit cards.....	57
<i>Schemes for credit card payment protection insurance are less widespread in Thailand</i> .....	57
<i>On a weighted basis, the market is dominated by one captive and one joint venture underwriter</i> .....	57
<i>12 credit card issuers have no apparent scheme in place for card-related creditor insurance</i> .....	57
Creditor insurance risk coverage.....	59
<i>Some policies include cover for temporary incapacity but unemployment insurance is not present</i> .....	59
Creditor insurance market size, growth and forecast.....	60
<i>Growth in the creditor insurance market may accelerate slightly between 2012 and 2016</i> .....	60
<i>... as a consequence of a continuing increase in consumer lending, especially non-mortgage credit</i> .....	61

