

## Impact of COVID-19 Pandemic towards Life Insurance Business in Thailand

In 2020, Thailand economy declined -6.1%, compared to a growth of 2.3% in 2019. Life Insurance Market in Thailand had negative growth in 2020 at -1.8% YoY, mainly from new business premium decreased. Factors affected Life Insurance Premium Growth in 2020 are Spread of COVID-19, Lock-down measure, Low yield environment. Insurance industry's Product Type Mix in 2020 then gradually shifted from Endowment-Non Par to Protection, Investment-Linked and Participating Policy to reduce impact from low yield environment and also align with new customer behavior which focus more on health awareness (Figure 1). I think life insurance market in Thailand is same as in Korea in which people focus more on their Protection, Health and want to have well-being during the pandemic happened. Life Insurance Industry in Thailand has been impacted in various areas due to COVID-19 and changing customer behaviors as follow;

Figure 1: In-Force Product Type Mix in 2020 & 2019

Unit: Million Baht

	2020		2019		2020 Vs 2019	
	In-Force	%Mix In-Force	In-Force	%Mix In-Force	Changes In-Force	Changes% mix
End	288,854	48%	302,725	50%	-5%	-1%
WL	99,613	17%	101,078	17%	-1%	0%
Health	72,631	12%	68,456	11%	6%	1%
InvLinked	27,256	5%	26,364	4%	3%	0%
PA	4,551	1%	4,525	1%	1%	0%
Term	12,850	2%	14,763	2%	-13%	0%
MRTA	32,372	5%	36,434	6%	-11%	-1%
Acc	17,542	3%	15,942	3%	10%	0%
Pension	13,700	2%	11,655	2%	18%	0%
Other	15,818	3%	15,749	3%	0%	0%
CI	15,020	3%	13,223	2%	14%	0%
<b>Total</b>	<b>600,206</b>	<b>100%</b>	<b>610,914</b>	<b>100%</b>	<b>-2%</b>	<b>0%</b>

Source: The Thai Life Assurance Association (TLAA)

as in Korea in which people focus more on their Protection, Health and want to have well-being during the pandemic happened. Life Insurance Industry in Thailand has been impacted in various areas due to COVID-19 and changing customer behaviors as follow;

1. Impact on Distribution channels: Customer avoid face-to face interaction from Lock-down measures/Social distancing behavior. So traditional distribution channels (Agency & Bancassurance) are impacted. Many customers redirect to digital channel for information, Bancassurance channel customer interaction has reduced due to temporary branch closing. Insurer's adaption: Accelerate digital operational process to fasten process in sales and service, Leverage digital platform/ digital channel development to support customers' needs.
2. Impact on Operation & Technology: Manual and paper work process of insurer are also affected. Insurer's adaption: Accelerate digital operational process to fasten sales and service process.
3. Impact on Product: There were less attention toward guaranteed-return products due to low IRR among low interest rate environment. In addition, customer pay attention to health product i.e. include COVID-19 protection. Insurer's adaption: According to low yield, insurer focus on less-sensitive interest

products, for example, Investment-linked products (Universal Life, Unit-Linked), Participating policies and Reduce role of Endowment products (Guaranteed return). Promote Protection, Health products according to increasing health awareness.

4. Impact on Insurers' Financial Performance and Stability: Lower new business and premium income, Lower investment income, Insurers experience liquidity and solvency challenge, Large volumes of claims in certain areas is expected. Insurer's adaption: Assess asset portfolio strategy, Review expense, Speed up automation process to reduce costs.

In Thailand, as of YTD Mar 2022, Gross written premium of Life Insurance in Thailand was around THB 150,000 million, decreased -1.8% from the same period last year. Current Top 3 Life insurers are AIA, FWD and Thai Life Insurance (TLI). Market shares in terms of gross written premium of Top 3 insurers are 54% or about half of total market share, which is same as Korea in which top 3 insurers dominate market. In Thailand, there're many distribution channel; Agency, Bancassurance, Broker, Telemarketing, Digital and Other channels. Agency and Bancassurance dominate other channel. I think it is same as in Korea and Taiwan in which Tied Agency or Salesperson are main distribution channel which gain trust from customers and become main distribution channel of insurer.

The Future Outlook of Thailand Insurance Market in the Post-COVID 19 are challenged by following external environment factors;

- 1) Socio-Cultural Aging society, Changing of Customer Behavior (Personalization, Cashless society, Money & Health conscious, Digital lifestyle & Technology-driven users, Demand for Superior Customer Experience)
- 2) Technology Future of Connectivity (5G & IoT), Future Medical Technologies, InsurTech solutions to support insurers in UW, claims, IoT and AI
- 3) Economic Geopolitical risk, Global economy tend to enter Recession, Rising interest rate trend, Fluctuated financial market
- 4) Environment Trend of ESG Investing
- 5) Politics & Legal Regulation related to Health Standard Contract, Personal Data Protection, IFRS17 and so on.

I think my sharing about "Impact of COVID-19 Pandemic towards Life Insurance Business in Thailand" would benefit you as well.