1.1 Natures of Product and Services, and their Premiums

1.4 Natures of Product and Services, and their Premiums

1.4.1 The Types of life Insurance reinsured by the Company

1. Basic Plan or long term products with a protection period of more than one year, consisting of:
   - Ordinary Life Insurance

     This is a life insurance which pays the insured amount to the beneficiary at the death of the insured or pays the insured amount to the living insured upon expiry of the policy. In general, the policy is set to expire on the date the insured reaches the age of 90 or 99. Premium is paid throughout the insured’s lifetime. However, the premium payment period for some types of insurance may be shortened to meet policyholders’ requirements, for example, a term of 15 or 20 years or the age of 60.

   - Credit Life Insurance

     This insurance plan provides protection against death or against death and total permanent disablement of a borrower of a bank loan. Banks need risk insurance in the event that their borrowers are dead or become totally and permanently disabled. Under this policy, the insured amount and coverage period will be reduced according to the outstanding balance and period of the relevant loan. The example of loan products under insurance protection include home loan, business loan, car loan and credit loan, etc.

2. Supplementary Plan or short term products with a yearly protection period, consisting of:
   - Group Life Insurance

     Under group life insurance, it provides coverage for five persons or more, mostly a group of corporate employees. This is a type of staff welfare provided by private organizations and state agencies for their employees. This type of insurance is normally renewed, and premium paid, on a yearly basis. There is also a tailor-made policy where premium is paid in one lump sum for the entire coverage period.

- Accident & Health Insurance

  This is an insurance that provides coverage against death and loss of body part caused by an accident and also provides compensation for medical expenses incurred from either an illness or an accident.

1.4.2 Reinsurance agreements are divided into two types as follows:

1. Treaty Reinsurance

   This is a form of reinsurance made between an insurance company and a reinsurer subject to pre-agreed terms and conditions. The insurance company sets the retention limit based on its financial capability and then cedes the excess of the retention to the reinsurer. The agreement, in general, establishes a broad framework for reinsurance terms and conditions with respect to, for instance, coverage, reinsured amount, etc. Any policy that meets such pre-determined conditions can therefore be instantly reinsured by the Company.

2. Facultative Reinsurance

   Facultative reinsurance is made in the case where a life insurance company does not take out Treaty Reinsurance with the Company or where the insurance is not qualified under the Treaty Reinsurance. The offered terms and conditions, coverage and premium rate for facultative reinsurance are granted and approved on a case by case basis.

   Facultative reinsurance contracts are automatically renewed on a yearly basis, unless any of the contract parties give a notice of cancellation three months ahead of the year-end. These contracts allow time for both parties to reconsider the conditions before confirming such cancellation if they cannot reach a mutually agreed solution. In case a facultative reinsurance contract is canceled, the Company will terminate coverage under new policies, while reinsurance coverage under renewed policies will remain valid until the policies expire.

1.4.3 Characteristics of Reinsurance Business under Marketing Policy

The Company reinsures life insurance for domestic insurance companies and is unable to directly provide life insurance services. Its business can be categorized into two main types:

1. Conventional Reinsurance

Conventional reinsurance is reinsurance provided for life insurance companies which make all arrangements by themselves, ranging from policy format to marketing and sales of products. Risks associated with the sum insured are transferred to several reinsurers at home and overseas. Conventional reinsurance features two types of reinsurance contracts: Treaty and Facultative reinsurance.

The Company has developed the conventional reinsurance business and maintained its growth rate by rendering services in product advice, underwriting guidelines, and the provision of facultative reinsurance of varied types such as credit life insurance, life and accident insurance, group insurance and critical illness insurance.

2. Non - Conventional Reinsurance

Since domestic reinsurance market is an open market where international reinsurers can enter at any time and volume of business is limited, the Company cannot be very selective about reinsurance cases to accept. THREL serves as an active reinsurer by participating in all activities with life insurance companies, ranging from new product launch and development to meet market demand, marketing and planning to the acquisition of new distribution channels. By doing so, the Company can design appropriate policies and determine appropriate pricing as well as achieving a higher underwriting sharing ratios. Its income earned in the form of reinsurance premium is a greater proportion than that of conventional reinsurance. Non-conventional reinsurance also features the two types of reinsurance contracts: Treaty and Facultative reinsurance.

In its non-conventional reinsurance business, the Company has implemented projects in joint development and offered products through various media such as online media, telemarketing and sales via agents. Also, innovative niche accident and health insurance products have been developed with good success rates. It also writes facultative reinsurance for credit life insurance and ordinary life insurance from bancassurance and agents.

Premium ratio by Type of Insurance Plan in 2019

Unit: THB Million

Items	Ordinary Insurance					Industrial	Personal Accident	Group	Total
	Whole Life	Endow ment	Term	Others	total				
Gross Premium	0.00	0.00	1,573.50	0.00	1,573.50	0.00	0.00	766.20	2,339.70
Premium Ratio	0	0	67%	0	67%	0	0	33%	100%

NOTE: Data from Annual Report

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