

TRANSLATION
(For official purpose only Thai texts will be relevant)
Notification of the Ministry of Commerce

Re: Investment in Other Businesses by Non-Life Insurance Company

By virtue of the provision of Section 5 and Section 28 of the Non-Life Insurance Act, B.E. 2535, the Minister of Commerce hereby notifies the prescription as follows.

Clause The followings shall be repealed:

- (1) Notification of Ministry of Commerce on Investment in Other Businesses by Non-Life Insurance Company, dated 25th October B.E. 2544;
- (2) Notification of Ministry of Commerce on Investment in Other Businesses by Non-Life Insurance Company (No. 2), dated 3rd April B.E. 2545
- (3) Notification of Ministry of Commerce on Investment in Other Businesses by Non-Life Insurance Company (No. 3), dated 3rd October B.E. 2545;
- (4) Notification of Ministry of Commerce on Investment in Other Businesses by Non-Life Insurance Company (No. 4), dated 24th April B.E. 2546; and
- (5) Notification of Ministry of Commerce on Investment in Other Businesses by Non-Life Insurance Company (No. 5), dated 9th March B.E. 2547

Clause 2 In this Notification:

“Share” includes a share warrant or a Non-Voting Depository Receipt (NVDR) or a Depository Receipt (DR) in accordance with the law on securities and exchange or other securities as prescribed by the Insurance Commissioner;

“Corporate Debenture” includes a convertible debenture or a debenture warrant or a Depository Receipt (DR) in accordance with the law on securities and exchange;

“Unit Trust” means a unit trust or a unit trust warrant in accordance with the law on securities and exchange;

“Bill” means a promissory note or a bill of exchange;

“Securities” mean securities in accordance with the law on securities and exchange;

“Derivatives” mean derivatives in accordance with the law on securities and exchange, or future or forward contracts in accordance with the law on future or forward contracts, or future or forward contracts for agricultural products in accordance with the law on future or forward contracts for agricultural products;

“Derivative Position” means a burden or a right arising from trading in derivatives or being bound by derivatives;

“Obligation” means the amount of money due under a bill (as a drawer, an issuer, an acceptor, or an avaler of that bill) the amount of loan (as a loan taker) and the amount of money put as a collateral for or pledged for the loan (as a guarantor or an issuer of pledged bonds, shares, debentures or unit trusts);

“Assessed Price of Immovable Property” means a price assessed by an officer in accordance with Land Code or a price assessed by a juristic entity approved by the Insurance Commissioner to assess the price of immovable property in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner or a price approved in writing by the Insurance Commissioner;

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“Leasing” means leasing of property which company acquires from a manufacturer or seller, or property which was seized from another lessee to utilize in the industrial, agricultural, commercial or other service business in its normal course of trade whereby the lessee has the duty to maintain and repair the leased property, provided that the lessee may not unilaterally terminate the agreement before expiry of its term but is entitled to purchase or lease such property further at the price or rent as agreed upon;

“Back Office Activities” means operational activities relating to insurance, such as setting up and managing pool, advising on compensation and etc., accounting and financial activities, information technology related activities, internal audit activities, law compliance supervision activities, and other activities prescribed by the Insurance Commissioner;

“Credit Rating” means credit rating by credit rating institutes approved or accepted by Securities and Exchange Commission;

“Organization or State Enterprise” means organizations or state enterprises as juristic entities established by an Act or a Royal Decree or State enterprises which are limited companies in accordance with the criteria, methods, conditions, and name lists prescribed by the Insurance Commissioner;

“Limited Company” means a limited company under the Civil and Commercial Code, a public limited company under the law on public limited company and including the finance corporation and other corporations established by specific law as in name list notified and prescribed by the Insurance Commissioner;

“Finance Corporation” means Industrial Finance Corporation of Thailand;

“Stock Exchange” means Stock Exchange of Thailand;

“Bank” means a commercial bank in accordance with the law on commercial banks, including banks established by special law, and conducting business within the Kingdom;

“Fund Management Company” means a company established in accordance with the law on securities and exchange;

“International Organization” means the World Bank or Asian Development Bank (ADB) or International Finance Corporation (IFC) or organization or juristic entities as in name list notified and prescribed by the Insurance Commissioner;

“Foreign Bank” means a commercial bank established by foreign law and is situated outside the Kingdom;

“Company’s Assets” mean the company’s assets in accordance with the assessed price existing at the end of the last financial year, or in the last interim financial statement;

“Surplus Capital” means capital in excess of the capital that must be maintained by the company under Section 27 at the end of the last financial year, or in the last interim financial statement;

“Interim Financial Statement” means a financial statement based on the assessed price established in accordance with the form and list prescribed by the Insurance Commissioner for the last period at a particular date during the account cycle proposed for normal submission of financial report and approved by the certified public accountant;

“Assessed Price” means an assessed price of the company’ assets in accordance with the Notification of Insurance Commissioner, Subject: the Assessment of the Price of the Asset and Liability of Non-Life Insurance Company issued pursuant to Non-Life Insurance Act, B.E. 2535.

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Chapter I
Categories of Investment

Part 1
Categories of Investment within the Kingdom

Clause 3 The company may invest in other businesses within the Kingdom as follows:

- (1) Depositing money with the bank or purchasing bank's certificates of deposit;
- (2) Purchasing Thai Government's bonds, Bank of Thailand's bonds, or treasury bills;
- (3) Purchasing tax certificates of the Ministry of Finance;
- (4) Purchasing bonds or corporate debentures of organizations or state enterprises;
- (5) Purchasing corporate debentures of finance corporations;
- (6) Purchasing certificates of deposit of financial companies;
- (7) Purchasing bills;
- (8) purchasing shares, corporate debentures of limited companies or unit trusts;
- (9) Lending with the Ministry of Finance as a guarantor;
- (10) Lending with the Thai Government's bonds, Bank of Thailand's bonds, bonds or corporate debentures of organizations or State enterprises, or corporate debentures of finance corporations as collateral;
- (11) Lending with banks or international organizations as a guarantor;
- (12) Lending with finance corporations as a guarantor;
- (13) Lending with pledged shares, corporate debentures, or unit trusts;
- (14) Lending with mortgaged immovable property as collateral;
- (15) Lending with mortgaged machinery as collateral;
- (16) Lending to staffs of the company;
- (17) Lending to agriculture cooperatives, saving cooperatives, or the Savings Cooperatives Union of Thailand CO., Ltd;
- (18) Lending to farmers;
- (19) Disposing immovable property which the company has to dispose under Section 33;
- (20) Leasing;
- (21) Hire-purchasing cars;
- (22) Leasing immovable property;
- (23) Managing mutual fund under the law on securities and exchange;
- (24) Trading derivatives or having derivative position;
- (25) Being a supporting agent in selling or buying back of unit trusts under the law on securities and exchange;
Being a private fund marketing agent under the law on securities and exchange;
Engaging in transactions of purchasing or selling securities with repurchasing agreements;
- (28) Engaging in transactions of securities borrowing and lending;
- (29) Undertaking of back office services;

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Part 2

Categories of investment outside the Kingdom

Clause 4 The company may invest in other businesses outside the Kingdom as follows

- (1) Purchasing shares or corporate debentures of juristic entities established under the agreements of the countries of Association of South East Asian Nations (ASEAN) or the Economic and Social Commission for Asia-Pacific (ESCAP) to conduct reinsurance businesses specifically;
- (2) Purchasing shares of juristic entities in foreign countries other than (1);
- (3) Purchasing Thai Government's bonds, bonds or debentures of organizations or state enterprises or debentures of finance corporations to be sold outside the Kingdom;
- (4) Purchasing bonds or corporate debentures issued or guaranteed by international organizations;
- (5) Purchasing bonds or bills issued by foreign governments or foreign state enterprises;
- (6) Purchasing certificates of deposit or corporate debentures of bank or debentures of limited companies sold outside the Kingdom.

Chapter 2

Investment Conditions

Part 1

General Conditions

Clause 5 In investing in other businesses, the company shall act in good faith, omit or refrain from any actions which cause the company, not acting in good faith, to pay the money or assets more than it should or receive benefits less than it should.

Unless approved in writing by the Insurance Commissioner, assets gained or possessed by the company from investment in accordance with this Notification shall be free from obligations at all time, for example, mortgages, pledges as collateral for any debts, etc. The Insurance Commissioner may prescribe any conditions therein.

Clause 6 The company is prohibited from lending pursuant under Clauses 3(10), (13), (14), (15), leasing pursuant under Clause 3(20) or hire-purchasing cars pursuant under Clause 3(21) to juristic entities having the following relationships with the company:

- (1) One or more shareholders of the juristic entity is/are holder(s) of the company's shares, or one or more shareholders of the company is/are holder(s) of such juristic entity's shares, of 20 per cent of the total capital or more;
- (2) Such juristic entity holds the company's shares, or the company holds such juristic entity's shares, of 20 per cent of the total capital or more.

Holding of shares pursuant to the above (1) and (2) include both direct and indirect shares holding and also include holding of shares by persons having relationship with the shareholders of the nature specified under Clauses 7(1) to (6)

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In case the directors, executives, or staffs as representatives of such juristic entity are directors or executives of the company, or the directors, executives or staffs as representatives of the company are directors or executives of such juristic entity, the company shall report to the Insurance Commissioner in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner. The executives herein mean the managers and the executives two levels below that of the managers.

Clause 7 The company shall prohibited from lending, hire-purchasing cars to the directors or guaranteeing any debts of the directors, or purchasing, endorsing, accepting, or avaluating bills drawn or issued by the directors.

Lending, hire-purchasing cars, or guaranteeing any debts of the following persons or partnerships, or purchasing, endorsing, accepting, or avaluating bills drawn or issued by the following persons or partnerships are to be regarded as lending, hire-purchasing cars, or guaranteeing to the directors, or as purchasing, endorsing, accepting or avaluating bills drawn or issued by the directors under the first paragraph:

- (1) Spouses of the directors;
- (2) Children of the directors not having attained *sue juris*;
- (3) Ordinary partnerships in which the directors or persons under (1) or (2) are partners;
- (4) Limited partnerships in which the directors or persons under (1) or (2) are partners in the category of unlimited liability or limited liability of more than 30 per cent of the total capital of that partnerships;
- (5) Limited companies whose more than 30 per cent of the total numbers of shares already sold are hold by directors or persons under (1) or (2) or partnerships under (3) and (4);
- (6) Limited companies whose more than 30 per cent of the total numbers of shares already sold are hold by directors or persons under (1) or (2) or partnerships under (3) and (4) or limited companies under (5).

Clause 8 In investing by purchasing shares, debentures of limited companies or unit trusts managed by any fund management company under Clause 3(8), lending under Clauses 3(13) to (18), leasing under Clause 3(20) and hire-purchasing cars under Clause 3(21), singly or in combination, to any person, the total value of such investment shall not exceed 5 per cent of the company's assets, except for:

- (1) Purchasing shares of life insurance company or non-life insurance company in the case of necessity to change status or operation of such life insurance company or non-life insurance company, or purchasing shares of non-life insurance company with the purpose of merger and acquisition of businesses under Clause 18(1);
- (2) Purchasing shares of life insurance company with the license to undertake life insurance business specifically in the category of reinsurance, or of limited companies engaging in business beneficial for life insurance businesses or non-life insurance businesses as a whole by the company with the license to undertake non-life insurance business specifically in the category of reinsurance under Clause 18(2);
- (3) Purchasing shares, debentures, or unit trusts using surplus capital under Part 18.

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Clause 9 In calculating investment proportion of the company, the cost of acquiring each type of assets shall be used. For lending, principal outstanding balance shall be used.

Clause 10 In investing in other businesses in accordance with this Notification, the company shall establish written rules of procedure approved by the board of directors and shall notify the Insurance Commissioner within 30 days of the date of issuing or changing the rules of procedure.

Such rules of procedures shall be in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner and in case the Insurance Commissioner deems it necessary to revise the rules of procedure under the first paragraph, the company shall do so within the period prescribed by the Insurance Commissioner.

Apart from the rules of procedures, the company shall establish internal audit of the company's investment in other businesses and in other related aspects in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner and in case the Insurance Commissioner deems it necessary to revise the internal audit and internal control, the company shall do so within the period prescribed by the Insurance Commissioner.

To enhance the efficiency of the supervision, the Insurance Commissioner has the power to require the company's auditor to evaluate the internal control system and the rules of procedure relating to investment and other relevant or related aspects in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner and submit such report to the Insurance Commissioner before the end of March of each year or as additionally required by the Insurance Commissioner.

Such an auditor shall be an auditor with a license approved by the Insurance Commissioner in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner.

In case the company has the audit committee with a qualification prescribed by the Insurance Commissioner, the company may assign such audit committee, instead of the company's auditor under the forth paragraph, to evaluate the internal control system and the rules of procedure relating to investment and other relevant or related aspects in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner as required for the company's auditor.

The sixth paragraph shall not come into force after B.E. 2549 onward.

Clause 11 In investing in other businesses in accordance with this Notification, in case the company employs or entrusts another person to invest on its behalf, in part or in whole, the company shall proceed with an approval in writing from the Insurance Commissioner who may prescribe any conditions thereunder.

Clause 12 In accepting the repayment of debts by assets other than immovable property, the company can proceed taking into consideration the maximum benefit to the company under the following conditions:

(1) In case of the price of the acquired asset is not in accordance with the conditions of this Notification, the company shall use the surplus capital under Clause 41, but if the company does not have adequate surplus capital, there shall be an approval from the Insurance Commissioner who may prescribe any conditions therewith;

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(2) In case of the acquired asset makes the investment proportion of the company not in accordance with the conditions of this Notification, the company shall sell the surplus assets within three years of the date of acquiring and is prohibited from additionally purchasing the assets of such category. If the company acquires the assets before the date of entering into force of this Notification, it shall sell the assets within 3 years of the date of entering into force of this Notification;

(3) In case of the acquired assets are not the assets in which the company can invest in accordance with this Notification, these assets shall be regarded as having been acquired using the surplus capital under Clause 41 and the company shall sell such assets within three years of the date of acquiring. If the company acquires the assets before the date of entering into force of this Notification, it shall sell the assets within three years of the date of entering into force of this Notification.

Clause 13 In investing or acquiring assets under Clause 3, if such assets are traded in secondary markets such as stock exchange, stock trading center etc., the company shall trade in that secondary markets. But if the assets are not traded in the secondary markets, the company shall trade at the price no higher than the price quoted to the public. If the shares are traded in the stock exchange, the company shall trade by automatic order matching.

If justifiable or necessary, the company may ask for the exemption of compliance with the above-mentioned conditions with the approval in writing from the Insurance Commissioner, before proceeding under the first paragraph. The Insurance Commissioner may prescribe any conditions therewith.

Part 2

Conditions for purchasing Thai Government's bonds, Bank of Thailand's bonds or treasury bills

Clause 14 In purchasing Thai Government's bonds, Bank of Thailand's bonds or treasury bills under Clause 3(2), the company may purchase in unlimited amount.

Part 3

Conditions for purchasing bonds or corporate debentures of organizations or state enterprises or purchasing corporate debentures of Finance Corporation

Clause 15 In purchasing bonds or corporate debentures of organizations or state enterprises under Clause 3(4) or in purchasing corporate debentures of the Finance Corporation under Clause 3(5), the company may purchase under the following conditions:

(1) In the case of bonds or debentures of organizations or state enterprises or debentures of Finance Corporations guaranteed by the Ministry of Finance for the payment of principal and interests, the company may purchase in unlimited amount;

(2) In the case of bonds or debentures of organizations or state enterprises or debentures of Finance Corporations not guaranteed by the Ministry of Finance, the company may purchase each issue no more than 15 per cent of the company's assets and the total of all purchases shall not exceed 40 per cent of the company's assets.

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Part 4

Conditions for purchasing certificates of deposit or bills

Clause 16 In purchasing certificates of deposit of finance companies under Clause 3(6) and in purchasing bills under Clause 3(7) of which finance companies or credit financier companies are drawers, issuers, acceptors or avalors with unlimited liability, the sum of the money due under this Clause, Clauses 19 and 20 of any one juristic entity shall not exceed 10 per cent of the company's assets and the total shall not exceed 15 per cent of the company's assets. The maturity of the certificates of deposit or bills shall not exceed five years.

Clause 17 In purchasing bills under Clause 3(7), apart from that prescribed in Clause 16, the company may purchase under the following conditions.

(1) Such bills are bills with issue rating by limited companies or bills drawn, issued, accepted, avaled, or guaranteed with unlimited liability by banks, finance corporations, organizations or state enterprises, life insurance companies, or limited companies with issuer rating, or bills avaled or guaranteed with unlimited liability by foreign banks.

Bills or limited companies with credit rating shall be rated no less than BBB or equivalent. For foreign banks, the credit rating shall be no less than A or equivalent.

(2) The sum of the money due under this Clause, Clause 19 and Clause 20 of any one juristic entity under (1) shall not exceed the obligation each of such juristic entities has towards the company in the following amount:

- (a) Banks: 20 per cent of the company's assets;
 - (b) Finance Corporation: 10 per cent of the company's assets;
 - (c) Organizations or State enterprises: 5 per cent of the company's assets;
 - (d) Life insurance companies: 5 per cent of the company's assets;
 - (e) Limited companies under (1): 5 per cent of the company's assets;
 - (f) Foreign banks under (1): 5 per cent of the company's assets.
- (3) Maturity of the bills shall not exceed ten years.

Clause 5

Conditions for purchasing shares, corporate debentures, or unit trusts

Clause 18 In purchasing shares, corporate debentures of limited companies or unit trusts under Clause 3(8), The company may purchase under the following conditions.

(1) In purchasing the shares of the life insurance companies or non-life insurance companies, the company may purchase not exceed 10 per cent of the amount of all the shares sold and the total shares of all life insurance companies and non-life insurance companies purchased shall not exceed 10 per cent of the company's assets, except for:

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(1.1) In case of necessity to rectify the status or the operation of the life insurance companies or non-life insurance companies, the Insurance Commissioner, with the approval from the Minister, may allow the company to purchase the shares more than the amount prescribed. The company shall sell the shares in excess within the period prescribed by the Insurance Commissioner, but no later than five years from the date of purchase;

(1.2) In case of the purchase of the non-life insurance companies' shares for the purpose of merger or acquisition, which reduces the number of the non-life insurance companies, with the approval from the Insurance Commissioner and approved by the Minister.

(2) In purchasing the shares of the limited companies other than those under (1), the company may purchase not exceed 10 per cent of the amount of all the shares sold and the total shares of all limited companies purchased shall not exceed 20 per cent of the company's assets, except for the case of the company with the license to undertake non-life insurance business specifically in the category of reinsurance may purchase the shares of the life insurance company with the license to undertake life insurance business specifically in the category of reinsurance or the shares of the limited companies engaging in business beneficial for life insurance businesses or non-life insurance businesses as a whole more than the prescribed amount with the approval in writing by the Insurance Commissioner who may prescribe any conditions therewith;

(3) In purchasing the corporate debentures of the limited companies, the company may purchase not exceed 20 per cent of the value of all the corporate debentures sold. The debentures of limited companies that issue such corporate debentures shall have issue or issuer rating no less than BBB- or equivalent.

The purchase of the corporate debentures of the limited companies not in accordance with the proportion prescribed above shall be approved in writing by the Insurance Commissioner. The Insurance Commissioner may prescribe any conditions therewith and in submitting the case for approval, the company shall prove to the Insurance Commissioner that the company has appropriate internal control system, investment management, and risk management.

The sum of the purchase of the corporate debentures under (3) and the purchase of the bills of the limited companies under Clause 17 of all the limited companies shall not exceed 20 per cent of the company's assets.

(4) In purchasing the unit trusts, the company may purchase under the following conditions:

(4.1) The company may purchase the unit trusts of mutual funds which prescribe investment policy in debt instruments no less than 75 per cent of their net assets value, not exceed 30 per cent of the amount of all the unit trusts sold by each mutual fund;

(4.2) The company may purchase the unit trusts of mutual funds which prescribe investment policy in debt instruments no less than 50 per cent of their net assets value, not exceed 20 per cent of the amount of all the unit trusts sold by each mutual fund;

(4.3) The company may purchase unit trusts of mutual funds apart from (4.1) and (4.2) not exceed 10 per cent of the amount of all the unit trusts sold by each mutual fund.

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The purchase of the unit trusts not in accordance with the proportion prescribed in (4.1), (4.2), or (4.3) shall be approved in writing by the Insurance Commissioner. The Insurance Commissioner may prescribe any conditions therewith and in submitting the case for approval, the company shall prove to the Insurance Commissioner that the company has appropriate internal control system, investment management, and risks management.

The sum of the purchase of the unit trusts under (4) of all the fund management companies shall not exceed 20 per cent of the company's assets.

The sum of the shares purchased under (1) (2), corporate debentures under (3), and unit trusts under (4) shall not exceed 50 per cent of the company's assets.

Clause 6 Conditions for lending

Clause 19 In lending with bonds or debentures of organizations or state enterprises, or debentures of finance corporations as collateral under Clause 3(10), lending with banks as guarantors under Clause 3(11), and lending with finance corporations as guarantors under Clause 3(12), in case the juristic entities under Clauses 16 or 17(2) are borrowers, guarantors, or issuers of the pledged bonds or debentures, the sum of the obligations of such juristic entities shall not exceed the amount prescribed in such Clauses 16 or 17(2).

Clause 20 In lending with pledged shares, corporate debentures, or unit trusts under Clause 3(13), the company may lend under the following conditions:

(1) The pledged shares, corporate debentures, or unit trusts must be listed securities in the stock exchange and shall not exceed 10 per cent of the amount of all shares, corporate debentures, or unit trusts sold by such limited companies or mutual funds;

(2) Each loan shall not exceed five million baht and shall not exceed 60 per cent of the last closing price of such shares, corporate debentures, or unit trusts in the stock exchange within seven days before the loan and the sum of all loans shall not exceed 10 per cent of the company's assets;

(3) The repayment of the principal with interests shall be no less than once a year;

(4) The loan contracts shall not exceed five years.

In case the juristic entities under Clauses 16 or 17(2) are loaners, or issuers of pledged shares or corporate debentures, the sum of the obligations of such juristic entities shall not exceed the amount prescribed in such Clauses 16 or 17(2).

Clause 21 In lending with mortgaged immovable property as collateral under Clause 3(14), the company may lend under the following conditions.

(1) In lending apart from (2), the company may lend, with other lenders (if any), up to 70 per cent of the assessed price of the mortgaged immovable property as collateral. The amount of each loan shall not exceed 5 per cent of the company's assets and the total loans shall not exceed 20 per cent of the company's assets and the loan period shall not exceed twenty years.

(2) In lending for residence, the company may only lend to ordinary persons, up to ten million baht each, and with other lenders (if any) up to 85

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per cent of the assessed price of the mortgaged immovable property as collateral or the price generally quoted in that project, or, in case there is no generally quoted price, the price of the nearby immovable property. The total loans shall not exceed 25 per cent of the company's assets and the loan period shall not exceed thirty years.

The sum of the loans under (1) and (2) shall not exceed 35 per cent of the company's assets and the payment of interest shall be no less than once a year. If there is a principal repayment grace period, such a period shall not exceed one fourth of the loan period. When such grace period expires or in case there is no grace period, the repayment of principal shall be no less than once a year. The mortgaged immovable property shall be the first collateral or co-mortgaged with other lenders as the first collateral. Regarding the loan under (2), the principal repayment grace period is prohibited.

In case of mortgaged land with building as its component part or mortgaged building only, such building must be insured against loss with the company as a beneficiary under the insurance policy throughout the entire period of loan.

Clause 22 In lending with mortgaged machinery as collateral under Clause 3(15), the company may lend under the following conditions:

- (1) Such machinery shall not be mortgaged to others;
- (2) The company shall lend to each person up to 70 per cent of the market price of mortgaged machinery as collateral excluding installation and transportation costs;
- (3) The payment of interest shall be no less than once a year. If there is a principal repayment grace period, such grace period shall not exceed two years. When such grace period expires or in case there is no grace period, the repayment of principal shall be no less than once a year;
- (4) The loan contracts shall not exceed ten years.

Clause 23 In lending to the staff of the company under Clause 3(16), the company may lend under the following conditions:

- (1) Each loan shall not exceed one million baht and the total loans shall not exceed 5 per cent of the company's assets.
- (2) One or more employees working in the same company with a total salary higher than that of the borrower shall be the guarantor except that the borrower has mortgaged immovable property. One employee shall be the guarantor one at a time.
- (3) In case of mortgaged immovable property as collateral, the amount of each loan shall not exceed 85 per cent of the assessed price of the mortgaged immovable property as collateral. In case the assessed price of the mortgaged immovable property as collateral is lower than the amount of loan, an employee working in the same company who is fully qualified under (2) may be a guarantor for the excess of the assessed price of the mortgaged immovable property as collateral. The loan taken by the mortgaged immovable property as collateral shall also be deemed part of the loan under Clause 21(2).
- (4) The repayment of the principal and interest shall be made in equal installments and no less than once a year.
- (5) The loan contract shall not exceed ten years except for the case of mortgaged immovable property guaranteeing the whole amount of loan, in which the loan contract shall not exceed twenty years.
- (6) In case the employee also makes a borrowing under Clause 21(2), the total amount of loan shall not exceed ten million baht.

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Clause 24 In lending to agricultural cooperatives, saving cooperatives, or the Savings Cooperatives Union of Thailand CO., Ltd under Clause 3(17), the Company may lend under the following conditions:

- (1) Each loan shall not exceed 2 per cent of the company's total assets and the total loans shall not exceed 10 per cent of the company's assets.
- (2) The loan contract shall not exceed five years for agricultural cooperatives, and ten years for savings cooperatives, or Savings Cooperatives Union of Thailand CO., Ltd.

Clause 25 In lending to farmers under Clause 3(18), the company may lend under the following conditions:

- (1) Each loan shall not exceed one hundred thousand baht and the total loans shall not exceed 10 per cent of the company's assets.
- (2) There shall be at least two farmers living in the same district as guarantors, and such guarantors shall not be in debt or shall not guarantee anyone else on the date of guaranteeing.
- (3) The loan contract shall not exceed three years.

Part 7

Conditions for disposing immovable property which the company has to dispose under Section 33

Clause 26 In disposing immovable property which the company has to dispose under Section 33 under Clause 3(19), the company shall proceed only to the extent necessary to dispose such immovable property and the amount of money used in disposing immovable property shall not exceed 5 per cent of the company's assets. The company shall continue to operate when the project has been proposed to and approved in writing by the Insurance Commissioner who may prescribe any conditions therein.

Part 8

Conditions for Leasing

Clause 27 In this Part:

“Lease” or “rent” means to lease or rent in leasing business.

“Investment fund” means the sum of the marketable cash price of the leased property on the date of signing the leasing contract and the expenditure paid by the company to acquire the property such as transportation cost, tax, and insurance premium, etc.

“Down payment” means an amount of money the lessee pays for the first time upon signing the contract as part of the rent under the contract separate from rental installment.

Clause 28 In investing in leasing business under Clause 3(20), the company may invest only upon the approval of the Insurance Commissioner in accordance with criteria, methods, and conditions prescribed by the Insurance Commissioner.

Upon the approval of the Insurance Commissioner, the company may lease its property on the following conditions.

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(1) The company may invest in leasing, and the total sum invested in all cases shall not exceed 10 per cent of the company's assets or five times of the capital, whichever is lower.

(2) The company shall lease its property to juristic entities only and shall not lease to the lessee whose debt is higher than the value of his property unless he put securities as collateral for the lease.

(3) The leasing contract shall be in writing and shall prescribe that the lessee cannot unilaterally rescind the contract before its expiry.

(4) Property for leasing shall be capital property in machineries or equipments only, and shall be brand new and unused with definite prices which can be verified, unless the property is seized or taken back from other lessees of the company or leased by a renewal of the leasing contract, and shall not be in a state that cannot be released to other lessees.

(5) The lessee shall pay for the down payment immediately upon signing the leasing contract in an amount of not less than 25 per cent of the investment fund in the property of the company in addition to subsequent rental installments. The company may require that the lessee pay such down payment directly to the property dealer, provided that the company shall have an evidence of such payment or a copy thereof.

(6) The leasing period shall not exceed the useful life of the property as guaranteed or set by the manufacturer but shall not exceed five years.

(7) The company shall insure the leased property with the company as beneficiary under the insurance policy throughout the entire period of leasing.

(8) The company shall not procure property before entering into a leasing contract with any person or procure it at a price higher than the market price or higher than the lowest price available.

Part 9

Conditions for Hire-Purchasing Cars

Clause 29 "Car" means car under the law on motor car and car under the law on land transportation.

Clause 30 In investing in hire-purchasing cars under Clause 3(21), the company may undertake hire-purchase business on the following conditions:

(1) The company may undertake hire-purchase business provided that the total of hire-purchases in all cases shall not exceed two times of the company's capital.

(2) The company may undertake each hire-purchase business in an amount of no more than 80 per cent of the market price of such car.

(3) The hire-purchase contract shall not exceed five years.

(4) The hire-purchase cars shall be insured with the company as beneficiary under the insurance policy throughout the entire period of hire-purchase.

(5) The company may undertake hire-purchase business only to those who domiciled or had residence in Bangkok and suburbs. In case the company wishes to expand its investment to other provinces outside Bangkok and suburbs, it shall be approved in writing by the Insurance Commissioner, who may prescribes any conditions therein.

TRANSLATION
(For official purpose only Thai texts will be relevant)

Part 10
Conditions for Leasing Immovable Property

Clause 31 In leasing immovable property under Clause 3(22), the company may lease immovable property on the following conditions:

(1) When leasing the immovable property under Section 31(10) (a) and (c) which the company has not yet used, the company shall not purchase new immovable property to replace it or to additionally lease it.

(2) When leasing immovable property pending for disposal under Section 33, there shall be no obstruction to the disposal as required by law.

(3) Each leasing period shall not exceed three years.

(4) The company shall not develop the leased area further unless approved by the Insurance Commissioner, who may prescribe any conditions therein.

(5) The rent and benefits must be suitable in ordinary course of business.

(6) As for immovable property pending for disposal under Section 33, the company may lease it on the following conditions:

(a) The company has proposed a work plan, and a target of reducing all immovable properties pending for disposal and the seeking of income therefrom. At the expiration of the work plan, all immovable properties shall be disposed.

(b) Within thirty days from the date on which the company submits its work plan, if the Insurance Commissioner does not make any objection or give notice of any problem, the Insurance Commissioner shall be deemed to permit the submitted work plan.

If it is deemed necessary, the Insurance Commissioner may order the company to improve its work plan or may suspend or revoke the permission at any time.

Part 11
Conditions for the service as a Manager of the Mutual Fund,
under the Law on Securities and Exchange

Clause 32 To provide service as a manager of mutual fund under the law on securities and exchanges under Clause 3(23), the company can proceed by separating the incomes and expenditures of the service business of being a manager of mutual fund from those of the company's non-life insurance business.

Part 12
Conditions for Trading Derivatives or Having Derivative Position

Clause 33 In trading derivatives or having derivative position under Clause 3(24), the company shall proceed upon the receipt of the written approval of the Insurance Commissioner, who may prescribe any conditions therein.

Part 13
Conditions for Being a supporting agent in selling or
buying back of unit trusts or being a private fund marketing agent
under the law on securities and exchange

Clause 34 In being a supporting agent in selling or buying back of unit trusts under the law on securities and exchange under Clause 3(25) or being a

TRANSLATION

(For official purpose only Thai texts will be relevant)

private fund marketing agent under the law on securities and exchange under Clause 3(26), the company can proceed by separating the incomes and expenditures of these service businesses from those of the company's non-life insurance business.

Part 14

Conditions for engaging in transactions of purchasing or selling securities with repurchasing agreements

Clause 35 In engaging in transactions of purchasing or selling securities with repurchasing agreements under Clause 3(27), the company can proceed on the following conditions:

(1) The company can engage in such transactions only with the following financial institutions or institutional investors.

- (a) Banks;
- (b) Finance companies, security companies and credit fancier companies;
- (c) Insurance companies;
- (d) International financial institutions;
- (e) Juristic entities established under special laws;
- (f) Financial institutions development fund
- (g) Government pension fund;
- (h) Provident fund;
- (i) Mutual fund;
- (j) Bank of Thailand;
- (k) Government sectors, organizations and state enterprises.

Moreover, the above investors include also foreign investors having the characteristics of the investors in (a) to (k).

(2) The securities used in such transactions may be one or more of the following instruments.

- (a) Thai Government's bonds, Bank of Thailand's bonds and treasury bills;
- (b) Bonds or debentures of organizations or state enterprises guaranteed by the Ministry of Finance;
- (c) Shares registered in the Stock Exchange of Thailand and listed in the SET 50 INDEX;
- (d) Other assets prescribed by the Insurance Commissioner in regard to their types, categories, values, and procedures for execution of these transactions.

(3) There shall be executed a repurchase agreement in writing between a buyer and a seller. Such agreement shall be acceptable to the Securities and Exchange Commission and may have an annex. Such transaction shall be executed in the Thai Baht currency only and have the repurchasing term not exceeding one year.

(4) In executing such transaction, the company shall purchase and sell securities on the following conditions.

(a) In case the securities used in the transaction are the Thai Government's bonds, Bank of Thailand's bonds and treasury bills, the value of such securities shall be no less than 103 per cent of the purchasing price;

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(For official purpose only Thai texts will be relevant)

(b) In case the securities used in the transaction are bonds or debentures of organizations or state enterprises guaranteed by the Ministry of Finance, the value of such securities shall be no less than 105 per cent of the purchasing price;

(c) In case the securities used in the transaction are shares listed in the SET 50 INDEX, the value of such securities shall be no less than 140 per cent of the purchasing price.

(5) While the repurchase agreement is still in effect, the company shall maintain the value of the securities under (4) as at the end of the day, in accordance with the following criteria.

(a) Maintaining the value of the securities under (4)(a) above at not less than 101 per cent of the transaction value;

(b) Maintaining the value of the securities under (4)(b) above at not less than 102 per cent of the transaction value;

(c) Maintaining the value of the securities under (4)(c) above at not less than 120 per cent of the transaction value;

In case the value of such securities is less than the percentage specified above, the company shall proceed to make the value of the securities to meet such percentage within the business day following the date on which such percentage is maintained less than the specified percentage by transferring the money or securities under (2) above accordingly.

(6) The calculation of the value of the securities used in such transaction shall be in accordance with the following criteria.

(a) In case of treasury bills, the par value shall be used.

(b) In case of bond or debentures, the latest selling price plus accrued interest receivable until the date of calculation of the value of the securities (Dirty price) which the company shall maintain under (5) above as published by the Thai Bond Dealing Center (TBDC) shall be used.

(c) In case of shares listed in the SET 50 INDEX, the latest closing price shall be used.

(7) The total outstanding value of all of such transactions executed by the company shall not exceed 20 per cent of the company's assets.

(8) The securities subjected to compliance with the terms of the execution of transactions shall not be transferred or resold, except the reselling under another repurchase agreement.

(9) If the company violates or fails to comply with the conditions prescribed herein, the Insurance Commissioner shall be empowered to prohibit the company from executing the transactions for a period of time as prescribed by the Insurance Commissioner.

Part 15

Conditions for engaging in transactions of securities borrowing and lending

Clause 36 In engaging in transactions of securities borrowing and lending under Clause 3(28), the company shall proceed on the following conditions:

(1) The parties of a transaction must be a person licensed to undertake securities business in the categories of securities borrowing and lending.

(2) A borrowing and lending agreement shall be executed in writing, with at least the characteristics and essential particulars on the following:

(a) Objectives of the securities borrowing and lending

(b) Securities lent and the collateral for the lending

TRANSLATION

(For official purpose only Thai texts will be relevant)

- (c) The adjustment of amount or value of securities or collateral that must be returned
- (d) Compensation of rights and benefits to contractual parties
- (e) The prescriptions in case that either party is in default or there is any circumstance that causes the debt to become immediately due and payable

This shall be in accordance with the criteria prescribed by the Securities and Exchange Commission. If such criteria provide several alternatives for compliance therewith, the direction that renders maximum protection to creditor shall be applicable.

(3) The securities borrowed or lent may be one or more of instruments as follows:

(a) Thai Government's bonds, Bank of Thailand's bonds and treasury bills

(b) Bonds or debentures of organizations or state enterprises

(c) Share and corporate debenture of limited companies

(4) In case where a contractual party is a custodian, if such contractual party wishes to borrow securities from the company or wishes to lend securities of the company to another person, such contractual party shall obtain a consent in writing of the company

(5) The company may execute such transactions with the total outstanding value of all the agreements not exceed 10 per cent of the company's assets.

The calculation of the transactions shall be based on the value of the securities borrowed or lent as of the commencement date of each agreement.

Part 16

Conditions for the undertaking of back office services

Clause 37 In undertaking of back office services under Clause 3(29), the company shall proceed on the following conditions:

(1) The objectives of such businesses are to effectively utilize the company's resources and to reduce the company's expenditures.

(2) The company shall establish policy and procedure in undertaking of back office services, including the range of responsibility, internal control and security of information system. Such policy and procedure must be approved by the board of directors of the company. Moreover, the company shall later on follow up if such policy and procedure are strictly followed.

(3) The revenue and the expenditure incurred from the back office services to the company must be separated from the account of the non-life insurance business.

If the company fails to comply with the abovementioned conditions, the Insurance Commissioner shall be empowered to force the company to follow such conditions or even to temporarily or permanently close such business. In this regard, the Insurance Commissioner may prescribe any conditions therein.

Part 17

Conditions for the investment outside the Kingdom

Clause 38 In investing by purchasing shares or debentures under Clause 4(1), the company may invest if the total amount of such share purchased including the share purchased under Clause 39 shall not exceed 10 per cent of the company's assets.

TRANSLATION

(For official purpose only Thai texts will be relevant)

Clause 39 In investing by purchasing shares under Clause 4(2), the company may invest using its surplus capital under Clause 42 after the receipt of the written approval of the Insurance Commissioner, who may prescribe any conditions therein. The total amount of such share purchased including the share or debenture purchased under Clause 38 shall not exceed 10 per cent of the company's assets.

Clause 40 In purchasing Thai Government's bonds, bonds or debentures of organizations or state enterprises or debentures of finance corporations to be sold outside the Kingdom under Clause 4(3), purchasing bonds or corporate debentures issued or guaranteed by international organizations under Clause 4(4), purchasing bonds or bills issued by foreign governments or foreign state enterprises under Clause 4(5), purchasing certificates of deposit or corporate debentures of bank or debentures of limited companies sold outside the Kingdom under Clause 4(6), the company may purchase after the receipt of the written approval of the Insurance Commissioner, who may prescribe any conditions therein. In this regard,

(1) Bonds or bills issued by foreign governments or foreign state enterprises under Clause 4(5) shall have issue rating no less than BBB or equivalent.

(2) Certificates of deposit or corporate debentures of bank or debentures of limited companies under Clause 4(6) shall have issuer rating no less than BBB or equivalent.

Part 18

Conditions for Investment by Surplus capital

Clause 41 In case the company has a surplus capital and has the intention to use it to invest in the businesses in the categories as stipulated in Clause 3(4) to (8) and Clause 3(10) to (12), the company may use no more than half of such surplus capital for the investment according to the conditions stipulated in Chapter 2, Part 1, Clause 8(3), and Part 3 to Part 5, and Part 6 Clause 19, as the case may be, by increasing the amount of investment in each case and the total amount at one time the original amount under the same conditions.

Clause 42 In investing by purchasing shares under Clause 4(2), the company may purchase shares by using no more than 10 per cent of the company's surplus capital; provided that when such investment is combined with the investment under Clause 41, the total amount thereof must not exceed 50 per cent of that surplus capital.

Part 19

Conditions for Interests and Benefits

Clause 43 In purchasing of certificates of deposit under Clause 3(6), purchasing of bills under Clause 3(7), Lending under Clause 3(9) to (18) and hire-purchasing cars under Clause 3(21), the company shall receive interest not lower than the interest rate stipulated by the Insurance Commissioner.

Clause 44 Leasing under Clause 3(20) shall yield benefit not lower than the rate stipulated by the Insurance Commissioner.

TRANSLATION
(For official purpose only Thai texts will be relevant)

Chapter 3
Transitional Provisions

Clause 45 The investment in other businesses of the company, which is in accordance with the Notification of the Ministry of Commerce, Re: Investment in Other Businesses by Non-Life Insurance Company as specified in Clause 1 and which is the category of investment still permissible under this Notification shall be deemed as the investment in other businesses of the company under this Notification.

Prior to the date on which this Notification comes into force, if the company has any investment which does not meet the conditions stipulated herein, the company may continue to carry out such investment up until its obligations are discharged or the binding term under the contract or agreement expires.

Clause 46 All of the Notification of the Insurance Commissioner and conditions in permissions as issued or prescribed which have been or are in effect prior to or on the date of effectiveness of this Notification shall remain in full force and effect insofar as they are not contradictory to or inconsistent with the provisions hereof until the Notifications of the Insurance Commissioner or the conditions in permissions as issued or prescribed hereunder are in force.

Clause 47 The investment by utilization of surplus capital under the Ministerial Regulations issued under the Non-Life Insurance Act, B.E. 2510 shall be deemed the investment by utilization of surplus capital under Clause 41.

This Notification shall come into force as and on the day following the date of its publication in the Government Gazette onwards

Notify on the 17th November B.E. 2547

(signed) Wattana Muangsuk
(Wattana Muangsuk)
Minister of Commerce

(Government Gazette, General Notifications Issue, Volume 121, Part 104d, dated 9th December B.E. 2547)

TRANSLATION
(For official purpose only Thai texts will be relevant)
Notification of the Ministry of Commerce

Re: Investment in Other Businesses by Non-Life Insurance Company (No.2)

By virtue of the provision of Section 5, Section 28 and Section 31(10)(b) of the Non-Life Insurance Act, B.E. 2535, the Minister of Commerce hereby notifies the Notification of the Ministry of Commerce Re: Investment in Other Businesses by Non-Life Insurance Company (No.2) as follows.

Clause 1 This notification shall come into force as and on the day following the date of its publication in the Government Gazette onwards.

Clause 2 In this Notification:

“Investment Notification” means the Notification of the Ministry of Commerce Re: Investment in Other Businesses by Non-Life Insurance Company, dated 17th November B.E. 2547”

Clause 3 The definition of “Corporate Debenture” in Clause 2 of the Investment Notification shall be repealed and replaced by the following:

“ “Corporate Debenture” includes a convertible debenture or a debenture warrant or a Depository Receipt (DR) in accordance with the law on securities and securities exchange or other securities prescribed by the Insurance Commissioner”

Clause 4 The provisions in (19) of Clause 3 of the Investment Notification shall be repealed and replaced by the following:

“ (19) Purchasing Government saving bills”

Clause 5 The provisions in (22) of Clause 3 of the Investment Notification shall be repealed and replaced by the following:

“ (22) Investing in immovable property”

Clause 6 The provisions in (5) of Clause 4 of the Investment Notification shall be repealed and replaced by the following:

“ (5) Purchasing bonds, debentures or bills issued by foreign governments or foreign state enterprises.”

Clause 7 the following provisions shall be inserted as (7) of Clause 4 of the Investment Notification

“ (7) Purchasing unit trusts of mutual funds registered in foreign countries.”

Clause 8 The provisions in Clause 8 of the Investment Notification shall be repealed and replaced by the following:

“Clause 8 In investing by purchasing shares, debentures of limited companies or unit trusts managed by any fund management company under Clause 3(8), lending under Clauses 3(13) to (18), leasing under Clause 3(20) and hire-purchasing cars under Clause 3(21), singly or in combination, to any person, the total value of such investment shall not exceed 5 per cent of the company’s assets, except for:

TRANSLATION

(For official purpose only Thai texts will be relevant)

- (1) Purchasing shares of life insurance companies or non-life insurance companies under Clause 18(1.1) to (1.3) or purchasing shares of limited companies engaging in business beneficial for life insurance businesses or non-life insurance businesses as a whole under Clause 18(2.1) or purchasing shares of limited companies with the license to undertake life insurance business specifically in the category of reinsurance under Clause 18(2.2) or purchasing corporate debentures of limited companies under the securitization program, in which the total revenue is to support the government's projects under Clause 18(3.1);
- (2) Purchasing unit trusts under Clause 18(4.1);
- (3) Purchasing shares, corporate debentures of limited companies, or unit trusts using surplus capital under Part 18."

Clause 9 The provisions in Clause 10 of the Investment Notification shall be repealed and replaced by the following:

"Clause 10 In investing in other businesses in accordance with this Notification, the company shall establish written rules of procedure approved by the board of directors and shall notify the Insurance Commissioner within 30 days of the date of issuing or changing the rules of procedure.

Such rules of procedures shall be in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner and in case the Insurance Commissioner deems it necessary to revise the rules of procedure under the first paragraph, the company shall do so within the period prescribed by the Insurance Commissioner.

Apart from the rules of procedures, the company shall establish internal audit and internal control systems of the company's investment in other businesses and in other related aspects in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner and in case the Insurance Commissioner deems it necessary to revise the internal audit and internal control systems, the company shall do so within the period prescribed by the Insurance Commissioner.

To enhance the efficiency of the supervision, the Insurance Commissioner has the power to require an auditor with a license approved by the Insurance Commissioner in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner to evaluate the internal control system and the rules of procedure relating to investment and other relevant or related aspects in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner and submit such report to the Insurance Commissioner before the end of March of each year or as additionally required by the Insurance Commissioner, except for the company, in which its risk management and the asset and liability matching (ALM) are evaluated and approved by the Insurance Commissioner in accordance with the criteria, methods, and conditions prescribed by the Insurance Commissioner"

Clause 10 The provisions in Clause 13 of the Investment Notification shall be repealed and replaced by the following:

"Clause 13 In purchasing shares of limited companies under Clause 3(8), the company may purchase under the following conditions:

- (1) For shares registered in the stock exchange, the company shall trade by automatic order matching;

TRANSLATION

(For official purpose only Thai texts will be relevant)

- (2) For shares not registered in the stock exchange, the company shall trade at the public offering price or at the price offered to any institutional investors as an ordinary case, with no specific to particular institution;
- (3) In purchasing shares other than (1) and (2), there shall be an approval in writing from the Insurance Commissioner who may prescribe any conditions therewith.”

Clause 11 The provisions in (3) of Clause 17 of the Investment Notification shall be repealed.

Clause 12 The provisions in Clause 18 of the Investment Notification shall be repealed and replaced by the following:

“Clause 18 In purchasing shares, corporate debentures of limited companies or unit trusts under Clause 3(8), The company may purchase under the following conditions:

(1) In purchasing the shares of the life insurance companies or non-life insurance companies, the company may purchase not exceed 10 per cent of the amount of all the shares sold and the total shares of all life insurance companies and non-life insurance companies purchased shall not exceed 10 per cent of the company’s assets, except for:

(1.1) The purchase of the life insurance companies’ or non-life insurance companies’ shares for the purpose of rectifying the status or the operation of the life insurance companies or non-life insurance companies with the approval from the Insurance Commissioner and approved by the Minister. And the company shall sell the shares in excess within the period prescribed by the Insurance Commissioner, but no later than five years from the date of purchase;

(1.2) The purchase of the non-life insurance companies’ shares for the purpose of taking over with the approval from the Insurance Commissioner and approved by the Minister. The Insurance Commissioner may prescribe any conditions therewith. The purchase of shares in excess shall utilize the surplus capital under Clause 42;

(1.3) The purchase of the non-life insurance companies’ shares for the purpose of merger or acquisition, which reduces the number of the non-life insurance companies, with the approval from the Insurance Commissioner and approved by the Minister. The Insurance Commissioner may prescribe any conditions therewith.

(2) In purchasing the shares of the limited companies other than those under (1) , the company may purchase not exceed 15 per cent of the amount of all the shares sold and the total shares of all limited companies purchased shall not exceed 20 per cent of the company’s assets, except for:

(2.1) The purchase of the shares of the limited companies engaging in business beneficial for life insurance businesses or non-life insurance businesses as a whole with the approval in writing by the Insurance Commissioner who may prescribe any conditions therewith. The purchase of shares in excess shall utilize the surplus capital under Clause 42;

TRANSLATION

(For official purpose only Thai texts will be relevant)

(2.2) The company with the license to undertake non-life insurance business specifically in the category of reinsurance may purchase the shares of the life insurance company with the license to undertake life insurance business specifically in the category of reinsurance more than the prescribed amount with the approval in writing by the Insurance Commissioner who may prescribe any conditions therewith.

(3) In purchasing the corporate debentures of limited companies, the company may purchase under the following conditions:

(3.1) In purchasing the corporate debentures of the limited companies under the securitization program, in which the total revenue is to support the projects of government, organizations or state enterprises established by specific law, the company may purchase in unlimited amount. Such corporate debentures shall have issue rating no less than A or equivalent;

(3.2) In purchasing the corporate debentures of the limited companies other than (3.1), the company may purchase not exceed 20 per cent of the value of all of such limited companies' corporate debentures sold. The corporate debentures or limited companies that issue such corporate debentures shall have issue or issuer rating no less than BBB- or equivalent. In case of the corporate debentures issued by the limited companies with issuer rating no less than the prescribed level above, such corporate debentures shall grant the corporate debentures holders the rights to receive debt repayment no less than those of the other ordinary debtors.

The sum of the purchase of the corporate debentures under (3.2) and the purchase of the bills of the limited companies under Clause 17 of all the limited companies shall not exceed 20 per cent of the company's assets.

(4) In purchasing the unit trusts, the company may purchase under the following conditions:

(4.1) The company may purchase the unit trusts of mutual funds which prescribe investment policy in Thai Government's bonds, treasury bills, financial instruments guaranteed both principal and interest by the Ministry of Finance, bonds or corporate debentures of organizations or state enterprises, bonds or corporate debentures issued or guaranteed by international organizations or issued by foreign state enterprises approved by the Ministry of Finance to be sold in Thailand, and depositing money with the bank no less than 70 per cent of their net assets value, in unlimited amount;

(4.2) The company may purchase the unit trusts of mutual funds which prescribe investment policy in debt instruments no less than 75 per cent of their net assets value, not exceed 30 per cent of the amount of all the unit trusts sold by each mutual fund;

(4.3) The company may purchase the unit trusts of mutual funds which prescribe investment policy in debt instruments no less than 50 per cent of their net assets value, not exceed 20 per cent of the amount of all the unit trusts sold by each mutual fund;

(4.4) The company may purchase unit trusts of mutual funds apart from (4.1), (4.2) and (4.3) not exceed 10 per cent of the amount of all the unit trusts sold by each mutual fund.

The sum of the purchase of the unit trusts under (4.2), (4.3) and (4.4) of all the fund management companies shall not exceed 20 per cent of the company's assets."

TRANSLATION

(For official purpose only Thai texts will be relevant)

Clause 13 The provisions in Part 7 of the Investment Notification shall be repealed and replaced by the following:

“Part 7

Conditions for purchasing government saving bill

Clause 26 In purchasing government saving bill under Clause 3(19), the company may purchase under the following conditions:

(1) “Government saving bill” means saving bill issued by a bank established by special law. This bill provides a benefit in term of interest at its maturity and a right to receive a prize at each period;

(2) In receiving government saving bill’s benefit or prize, the company shall notify the issuer bank to receive benefit or prize only on behalf of the company.

(3) The company may purchase government saving bill in total not exceed 1 per cent of the company’s assets”

Clause 14 The provisions in (2) of Clause 30 of the Investment Notification shall be repealed and replaced by the following:

“ (2) The company may undertake each hire-purchase business in an amount of no more than 90 per cent of the market price of such car.”

Clause 15 The provisions in Part 10 of the Investment Notification shall be repealed and replaced by the following:

“Part 10

Conditions for Investing in immovable property

Clause 31 In Investing in immovable property under Clause 3(22), the company shall proceed on the following conditions:

(1) In leasing the immovable property using as a premise for the business of the company under Section 31(10) (a) only which the company has not yet used or the immovable property pending for disposal under Section 33:

(1.1) The company may develop its immovable property as necessary but each development expense shall not exceed one million baht, unless approved by the Insurance Commissioner, who may prescribe any conditions therewith;

(1.2) Each leasing period shall not exceed three years;

(1.3) When leasing immovable property pending for disposal under Section 33, there shall be no obstruction to the disposal as required by law;

(1.4) The rent and benefits must be suitable in ordinary course of business.

(2) In disposing immovable property pending for disposal under Section 33, the company may proceed as necessary in order to dispose such immovable property within the prescribed period and the amount used in each case of this regards shall not exceed one million baht.

(3) As for immovable property pending for disposal under Section 33, the company may propose for the approval to hold it as an investment in other businesses under Section 31(10) (b) by proposing an immovable property development project for disposing or leasing on the following conditions:

TRANSLATION

(For official purpose only Thai texts will be relevant)

(3.1) The immovable property development project shall be approved in writing by the Insurance Commissioner who may prescribe any conditions therewith;

(3.2) The immovable property development project shall be in accordance with criteria, methods, and conditions prescribed by the Insurance Commissioner except for the project with the total investment not exceeding 10 per cent of the assessed price of such immovable property before the development. In the approval, the Insurance Commissioner may prescribe any conditions therewith;

(3.3) The immovable property development project submitted for approval shall be the project in a particular category as follows:

- (a) Office building
- (b) Commercial building
- (c) Factory building
- (d) Cargo building
- (e) Resident building
- (f) Other immovable properties prescribed by the

Insurance Commissioner

(3.4) The amount invested in each immovable property development project shall not exceed 5 per cent of the company's assets and the total amount of all project shall not exceed 10 per cent of the company's assets;

(3.5) The company shall allocate its retain earning to be the reserve for risk associated with the investment in immovable property development for the amount of no less than 10 per cent of the total amount invested in all immovable property development project;

(3.6) The Insurance Commissioner may revoke the approval on the immovable property development project if it appears that the company does not comply with the prescribed conditions;

The Insurance Commissioner may change the conditions for the investment in immovable property development or prescribe the criteria, methods, and conditions in proceeding the immovable property development project in order for the company to comply."

Clause 16 The provisions in (b) of Clause 35(6) of the Investment Notification shall be repealed and replaced by the following:

"(b) In case of bond or debentures, the latest selling price plus accrued interest receivable until the date of calculation of the value of the securities (Dirty price) which the company shall maintain under (5) above as published by the Thai Bond Market Association (ThaiBMA) shall be used"

Clause 17 The provisions in Clause 40 of the Investment Notification shall be repealed and replaced by the following:

"Clause 40 In purchasing Thai Government's bonds, bonds or debentures of organizations or state enterprises or debentures of finance corporations to be sold outside the Kingdom under Clause 4(3), purchasing bonds or corporate debentures issued or guaranteed by international organizations under Clause 4(4), purchasing bonds, debentures or bills issued by foreign governments or foreign state enterprises under Clause 4(5), purchasing certificates of deposit or corporate debentures of bank or debentures of limited companies sold outside the Kingdom under Clause 4(6), purchasing unit trusts of mutual funds registered in foreign countries under Clause 4(7), the company may purchase after the receipt of the written approval of the Insurance Commissioner, who may prescribe any conditions therein. In this regard,

TRANSLATION

(For official purpose only Thai texts will be relevant)

(1) Bonds, debentures or bills issued by foreign governments or foreign state enterprises under Clause 4(5) shall have issue rating no less than BBB or equivalent unless such bonds, debentures or bills are approved by the Ministry of Finance to be sold in Thailand.

(2) Certificates of deposit or corporate debentures of banks or debentures of limited companies under Clause 4(6) shall have issue rating or such issuer banks or limited companies shall have issuer rating no less than BBB or equivalent.”

Clause 18 The provisions in Clause 41 of the Investment Notification shall be repealed and replaced by the following:

“Clause 41 In case the company has a surplus capital and has the intention to use it to invest in the businesses in the categories as stipulated in Clause 3(4) to (8), Clause 3(10) to (12) and Clause 3(22), the company may use no more than half of such surplus capital for the investment according to the conditions stipulated in Chapter 2, Part 1, Clause 8(3), and Part 3 to Part 5, Part 6 Clause 19 and Part 10 Clause 31(3.4), as the case may be, by increasing the amount of investment in each case and the total amount at one time the original amount under the same conditions.”

Clause 19 The provisions in Clause 42 of the Investment Notification shall be repealed and replaced by the following:

“Clause 42 In investing by purchasing shares under Clause 4(2), the company may purchase shares by using no more than 10 per cent of the company’s surplus capital; provided that when such investment is combined with the investment under Clause 18(1.2) (2.1) and Clause 41, the total amount thereof must not exceed 50 per cent of that surplus capital.”

Transitional Provisions

Clause 20 As for the investment in other businesses of the company, which is in accordance with the Notification of the Ministry of Commerce, Re: Investment in Other Businesses by Non-Life Insurance Company issued prior to the date on which this Notification comes into force but does not meet the conditions stipulated herein, the company may continue to carry out such investment up until its obligations are discharged or the binding term under the contract or agreement expires.

Notify on the 3rd October B.E. 2549

(signed).Karun Kittisataporn
(Mr.Karun Kittisataporn)
Permanent Secretary
Acting Minister of Commerce

TRANSLATION
(For official purpose only Thai texts will be relevant)
Notification of the Ministry of Commerce

Re: Investment in Other Businesses by Non-Life Insurance Company (No.3)

By virtue of the provision of Section 5 and Section 28 of the Non-Life Insurance Act, B.E. 2535, the Minister of Commerce hereby notifies the prescription as follows.

Clause 1 This notification shall come into force as and on the day following the date of its publication in the Government Gazette onwards.

Clause 2 In this Notification:

“Investment Notification” means the Notification of the Ministry of Commerce Re: Investment in Other Businesses by Non-Life Insurance Company, dated 17th November B.E. 2547

Clause 3 The definition of “Organization or State Enterprise” in Clause 2 of the Investment Notification shall be repealed and replaced by the following:

“ “Organization or State Enterprise” means organizations or state enterprises as juristic entities established by an Act or a Royal Decree or local administration organizations such as Bangkok, Pattaya city, Municipal or State enterprises which are limited companies in accordance with the criteria, methods, conditions, and name lists prescribed by the Insurance Commissioner”

Clause 4 the following provisions shall be inserted as (8) of Clause 4 of the Investment Notification

“(8) Purchasing debentures issued by juristic entities established under the foreign law and approved by the Ministry of Finance to be issued and sold in Thailand.”

Clause 5 The provisions in Clause 21 of the Investment Notification shall be repealed and replaced by the following:

“Clause 21 In lending with mortgaged immovable property as collateral under Clause 3(14), the company may lend under the following conditions.

(1) In lending for residence, the company may only lend to ordinary persons, up to twenty million baht each, the total loans shall not exceed 25 per cent of the company’s assets, and the loan period shall not exceed thirty years.

(1.1) If the loan is not exceed ten million baht, the company may lend, with other lenders (if any), up to 90 per cent of the assessed price of the mortgaged immovable property as collateral or the price quoted of residence project

(1.2) If the loan is exceed ten million baht but not exceed twenty million baht, the company may lend, with other lenders (if any), up to 70 per cent of the assessed price of the mortgaged immovable property as collateral or the price quoted of residence project

(2) In lending apart from (1), the company may lend, with other lenders (if any), up to 70 per cent of the assessed price of the mortgaged immovable property as collateral. The amount of each loan shall not exceed 5 per cent of the company’s assets and the total loans shall not exceed 20 per cent of the company’s assets and the loan period shall not exceed twenty years.

TRANSLATION

(For official purpose only Thai texts will be relevant)

The sum of the loans under (1) and (2) shall not exceed 35 per cent of the company's assets and the payment of interest shall be no less than once a year. If there is a principal repayment grace period, such a period shall not exceed one fourth of the loan period. When such grace period expires or in case there is no grace period, the repayment of principal shall be no less than once a year. The mortgaged immovable property shall be the first collateral or co-mortgaged with other lenders as the first collateral. Regarding the loan under (1), the principal repayment grace period is prohibited.

In case of mortgaged land with building as its component part or mortgaged building only, such building must be insured against loss with the company as a beneficiary under the insurance policy throughout the entire period of loan."

Clause 6 The provisions in Clause 23 of the Investment Notification shall be repealed and replaced by the following:

"Clause 23 In lending to the staff of the company under Clause 3(16), the company may lend under the following conditions:

(1) Each loan shall not exceed one million baht and the total loans shall not exceed 5 per cent of the company's assets;

(2) One or more employees working in the same company with a total salary higher than that of the borrower or government officers or state officers or state enterprise officers shall be the guarantors. One employee shall be the guarantor one at a time;

(3) The repayment of the principal and interest shall be made in equal installments and no less than once a year;

(4) The loan contract shall not exceed ten years."

Clause 7 The provisions in (3) of Clause 30 of the Investment Notification shall be repealed and replaced by the following:

"(3) The hire-purchase contract shall not exceed seven years."

Clause 8 The provisions in Clause 40 of the Investment Notification shall be repealed and replaced by the following:

"Clause 40 In purchasing Thai Government's bonds, bonds or debentures of organizations or state enterprises or debentures of finance corporations to be sold outside the Kingdom under Clause 4(3), purchasing bonds or corporate debentures issued or guaranteed by international organizations under Clause 4(4), purchasing bonds, debentures or bills issued by foreign governments or foreign state enterprises under Clause 4(5), purchasing certificates of deposit or corporate debentures of bank or debentures of limited companies sold outside the Kingdom under Clause 4(6), purchasing unit trusts of mutual funds registered in foreign countries under Clause 4(7), purchasing debentures issued by juristic entities established under the foreign law and approved by the Ministry of Finance to be issued and sold in Thailand under Clause 4(8), the company may purchase after the receipt of the written approval of the Insurance Commissioner, who may prescribe any conditions therein. In this regard,

(1) Bonds, debentures or bills issued by foreign governments or foreign state enterprises under Clause 4(5) shall have issue rating no less than BBB or equivalent unless such bonds, debentures or bills are approved by the Ministry of Finance to be sold in Thailand;

TRANSLATION

(For official purpose only Thai texts will be relevant)

(2) Certificates of deposit or corporate debentures of banks or debentures of limited companies under Clause 4(6) shall have issue rating or such issuer banks or limited companies shall have issuer rating no less than BBB or equivalent.”

(3) Debentures issued by juristic entities established under the foreign law and approved by the Ministry of Finance to be issued and sold in Thailand under Clause 4(8) shall have issue rating no less than BBB or equivalent.”

Transitional Provisions

Clause 9 As for the investment in other businesses of the company, which is in accordance with the Notification of the Ministry of Commerce, Re: Investment in Other Businesses by Non-Life Insurance Company issued prior to the date on which this Notification comes into force but does not meet the conditions stipulated herein, the company may continue to carry out such investment up until its obligations are discharged or the binding term under the contract or agreement expires.

Notify on the 24th January B.E. 2550

(signed).Krirk-krai Jirapaet
(Mr. Krirk-krai Jirapaet)
Minister of Commerce

(Government Gazette, General Notifications Issue, Volume 124, Special Part 17d, dated 12nd February B.E. 2550)