

2018

CASE B



ACKNOWLEDGEMENTS

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Phatra



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**“TO BE THE CUSTOMERS’
TRUSTED LIFETIME PARTNER
THROUGH INNOVATIVE LIFE
AND HEALTH SOLUTIONS BY
PUTTING CUSTOMERS AT THE
HEART OF EVERYTHING WE DO.”**

—— Vision, Muang Thai Life Assurance

Muang Thai Life Assurance (MTL) has been a formidable player in the Thai insurance industry for decades. Historically, it held a strong focus on the mass segment, but with the more recent growth of bancassurance, it has successfully penetrated into the more profitable middle income, affluent and high net worth segments.

Moving forward, MTL’s management recognizes the significant opportunity that the middle income (MI) segment holds. However, the agency model still remains a key distribution channel for the company, and the majority of its agents are only suited to sell to the mass segment of customers. This impending shift in target customer would require a new agency model, one that would be able to better serve these types of customers. MTL’s management has come to you with this challenge in mind, and they are eagerly looking forward to hearing your vision for their insurance agents of the future.

CASE QUESTION



Muang Thai Life Assurance (MTL) is considering a shift in the target customer segment for its agency channel from the mass into the middle income segment. This will require a different type of agent with a different set of skills. Your task is to help the company develop a solution for its new agency model, taking into account the following key questions:

1. How should MTL redefine its agency model?
 - o What is the profile of new-generation agents that MTL should target?
 - o How should MTL attract and recruit these agents?
 - o How should MTL engage and retain these agents?
2. What sales model should MTL adopt for its agency channel?
 - o Who exactly should be the target customers of MTL's agents?
 - o How should these MTL agents approach these customers?
 - o What products and services should be provided through the agency model to best serve the new customer segment?
 - o How can MTL encourage its agents to maximize sales?
 - o What opportunities exist for MTL to integrate digital tools into its agents' sales and/or customer service processes, in order to optimize their effectiveness?



Muang Thai Life Assurance PCL. is a Thai life insurance company, headquartered in Bangkok. It was founded on 6 April 1951 with the intention to lessen the government's burden in providing social welfare and to help build public awareness of saving and security.

In 2004, the company began a partnership with Kasikorn Bank (KBank), one of the leading banks in Thailand in order to develop its bancassurance channel, which now contributes to 74% of MTL's total premiums. KBank eventually became a major shareholder in the company to further support this strategy.

MTL has been widely recognized for its brand, management, and social responsibility, reflected in the many international awards it has received. Today, it has over 2 million customers, operating through 1,026 bancassurance branches, 172 company-owned branches, and 61 agent offices across the country. It is currently the largest insurance player in Thailand in terms of new business premiums (NBP), and second largest in terms of total gross premiums (see Appendix A and Appendix B). Recently, MTL has also begun its expansion into CLMV countries (Cambodia, Laos, Myanmar, and Vietnam).

VISION

"To be the customers' trusted lifetime partner through innovative life and health solutions by putting customers at the heart of everything we do."

MISSION

1. We are the regional life insurance leader with financial and brand strength under corporate governance and risk management frameworks of international standard.
2. We strive to understand the ever-changing customers' needs and behaviors in order to provide superior products and relevant services that help our customers attain financial security and lead healthy and fulfilling lives.
3. We give our priority to long-term sustainability together with delivering happiness to our customers, employees, partners, shareholders and society.

BUSINESS MODEL

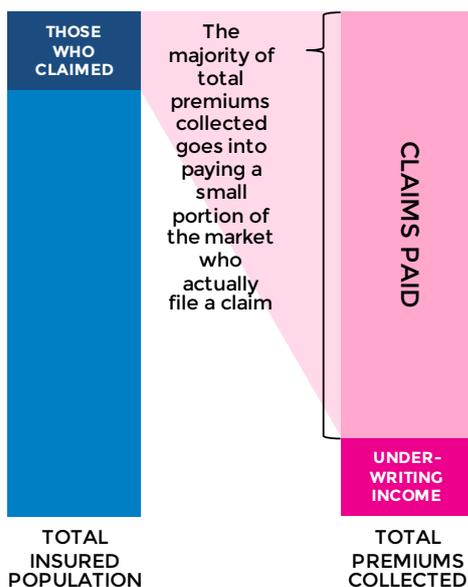


MTL's business model is that of a traditional insurance company. Revenue is generated mainly by charging premiums (i.e. a fee) to customers, and in return, customers receive insurance policy coverage. Upon the occurrence of certain conditions agreed on in the insurance policy, the customer may be able to file a claim and receive a payout as compensation. The insurance company assumes the risk of the customer, but is able to pool risk from many individual payers (since it is highly unlikely that all customers will file a claim at once - some may never even file a claim over the duration of their policy), enabling the company to diversify its own risk.

Customers may derive three main types of benefits from an insurance policy (depending on the product):

1. **Death benefit:** The amount paid out in the event that the policyholder dies while the policy is in effect
2. **Maturity benefit:** The amount paid once the policy reaches its maturity and the policyholder did not die while the policy was in effect
3. **Cash bonus:** The amount paid out as a bonus while the policy is in effect

Figure 1: Business model of an insurance company



Income for insurance companies arises in the form of underwriting income (i.e. the difference between premiums received and claims paid), as well as investment income (i.e. the profit that arises from investing premiums received into return-generating assets).

The performance of insurance companies is typically measured through three key indicators: new business premiums, renewal premiums and total premiums. New business premiums (NBP) refer to only the premiums received from new policies sold in that period of time. Renewal premiums (RYP) refer to the subsequent premiums received from the policyholder in order to keep the policy in effect. Total premiums refer to the total amount of premiums received by the company from all of its policies over a period of time.

Source: JagoInvestor



PRODUCTS

The company has two groups of life insurance products, traditional and investment, which differ in their characteristics and thus, suit different types of customers. Traditional products are simply life insurance products in their conventional sense. They can be further categorized into term, whole-life, endowment, and annuity/pension.

It is important to note that in Thailand, it is not possible to buy health or accident insurance as a stand-alone product. They must be bought as 'riders', which act as an add-ons to an existing traditional life insurance product. Therefore, customers who would like to have health or accident coverage must either already have a life insurance policy or must first purchase a life insurance policy, before purchasing a rider.

Investment products consist of universal life and unit-linked. They combine features of traditional insurance products and investment products. Premiums that the customer pays are invested into a fund, and the customer is able to receive a portion of that return.

See Appendix F for further details about MTL's products.

BRAND POSITIONING

Due to its significant position in the market, MTL has one of the top three highest rates of brand awareness among all insurance companies in Thailand. It is distinctly recognizable with its fuschia color, a bright pink, that is used in its logo and all of its marketing materials, clearly differentiating itself from other companies.

MTL's brand reflects happiness - the company holds the belief that insurance should not only be about death and sadness. MTL strives to deliver happiness to Thai people by ensuring their peace of mind. The company is widely known to sponsor prominent entertainment events, concerts, and shows in Thailand.

DISTRIBUTION

MTL utilizes two major distribution channels to sell insurance: bancassurance and agency.

Bancassurance refers to a partnership between an insurance company and a bank, in which the insurance company's products are sold through the bank's distribution networks. The bancassurance channel accounts for 74% of MTL's total premiums, leveraging KBank's strong distribution network of over 1,026 branches in Thailand. The success of the bancassurance channel reflects the win-win nature of the deal for both sides - the insurance company gains access to the bank's customer base, while the bank is able to better serve customers' needs with insurance products.

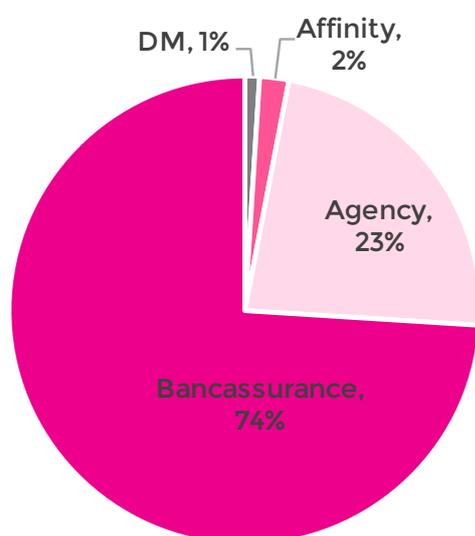
The agency channel accounts for 23% of MTL's total premiums. This channel utilizes agents, which refer to individuals who sell insurance products to end-customers on behalf of the company. The agency model is an important driving force for insurance sales in Thailand, as Thais seeking to purchase insurance tend to enjoy having someone to clearly explain and recommend products to them, especially when the products are more complex.

MTL operates its agency model in the form of tied agents, whereby agents in the service of MTL are tied to only selling MTL products and prohibited from selling products of other insurance firms (as opposed to independent agents, who may sell products from multiple insurance companies). They are primarily compensated through commission on their sales, in addition to other forms of compensation. Agents are not considered employees of MTL. Instead, they are said to be 'distribution partners' and still receive support from MTL in terms of sales training and other areas.

The remaining premiums are accounted for in direct marketing (1%) and affinity marketing (2%) (see Figure 2). Direct marketing is when MTL's own marketing team sells directly to customers, such as through its call center and website. Affinity marketing refers to sales that occur through partnerships with other business organizations, such as hospitals, department stores, and convenience stores.

COMPANY OVERVIEW

Figure 2: MTL's 2017 total premium breakdown by channel



Source: MTL

CUSTOMERS

Customers are segmented based on their income level. MTL's bancassurance channel currently serves mainly the upper MI, affluent, and high net worth segments, defined as those with annual incomes of at least 1.2 million THB, or 100,000 THB per month.

The agency channel, on the other hand, is currently targeted towards the mass and lower MI segment, defined as those with annual incomes between 120,000 THB and 300,000 THB, equivalent to approximately 10,000 THB and 25,000 THB per month.

LOYALTY PROGRAM

MTL currently runs a customer loyalty program called "Muang Thai Smile Club". It was launched over 10 years ago, with MTL as the pioneer in the field. The program offers benefits such as special promotions from the country's leading hotels and spas, ticket discounts on shows and concerts sponsored by MTL, as well as the ability to join MTL activities, such as "Smile Camp" (see Appendix D for further details).

KEY INNOVATIONS

In order to innovate and keep up with industry trends, MTL has introduced several key initiatives. One such initiative was the launch of an innovation center called 'Fuchsia' in 2017 to research new ideas and technologies that could be applied to MTL's business model. Its objectives are as follows:

- o To create a new dimension for Muang Thai Life
- o To pave the future of insurance business that is ready to innovate and be closer to customer
- o To inject modernity to speak to and attract new generation and create desirability in becoming part of MTL family from both customers, partners, and employees perspective

An example of MTL's innovations is in customer self-service. The adoption of a more automated self-service model has been on the rise in the insurance industry globally, as one of the main pain points of insurance customers is the tediousness of the experience, such as the application process, finding information about their policies, and filing claims⁽¹⁾, according to Deloitte. MTL has been moving towards this direction, and customers are now able to perform certain transactions by themselves without requiring assistance from an MTL representative. Through the "Smile Service" mobile application, customers are able to check their policy details and coverage information at any time. They may also use the application to redeem rewards from their "Smile Club" points. Furthermore, customers can regularly get information about new services from various channels, such as the MTL's official LINE account (a popular messaging application in Thailand), MTL's website, and the mobile application, helping customers to maximize the benefits and services that they receive.

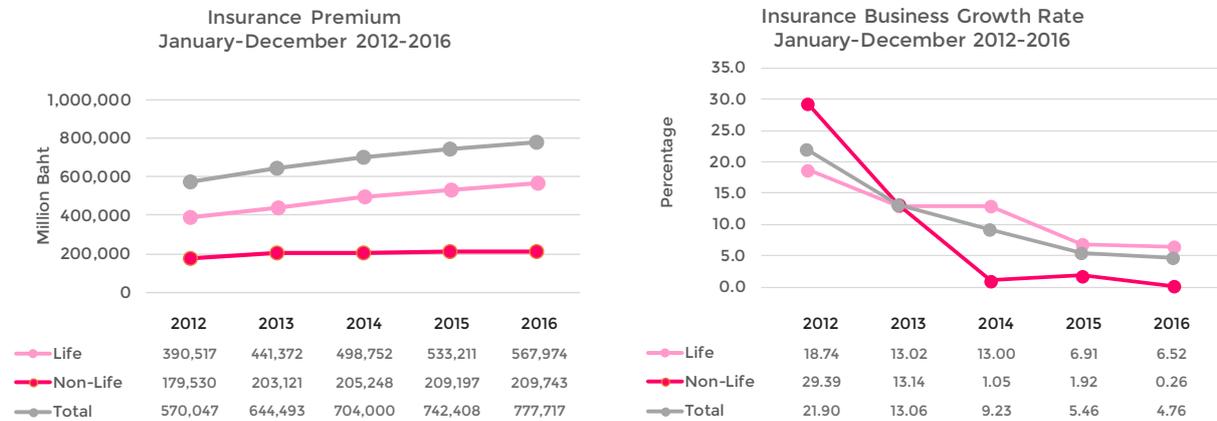
MTL has also increased its focus on insurtech and healthtech (the use of technology innovations to modernize and improve the respective insurance and healthcare industries) by forming strategic partnerships to further their efforts in those fields.

1 <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Financial-Services/us-fsi-insurance-2018-outlook.pdf>

MACROECONOMICS TRENDS

Thailand's GDP in 2016 grew at 3.2%, an increase from 2.9% in 2015 (see Figure 3).

Figure 3: Thai insurance market



Source: Office of Insurance Commission

PREMIUM INCOME

The Thai insurance market shows signs of healthy growth moving forward. The total premium income from January to December of 2016 was 568.260 billion THB, representing an increase of 5.72% compared to the previous year.

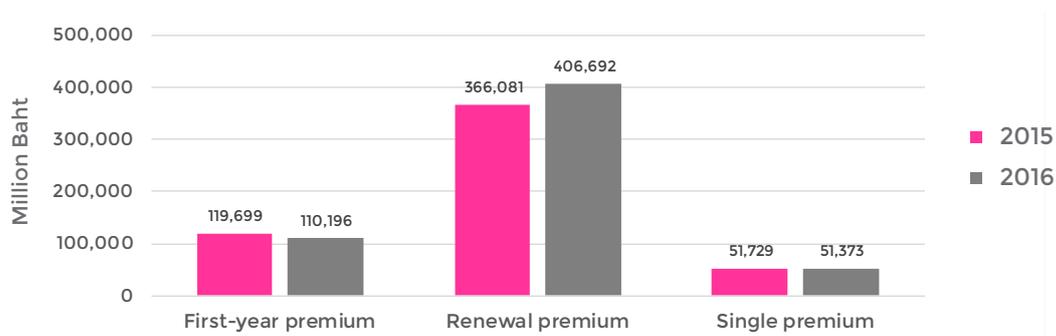
The new business premium income was 161.569 billion THB, or a decrease of 5.75% (see Figure 4). The new business premium can be broken down into first year premium income of 110.196 billion THB and single premium income of 51.373 billion THB.

Renewal premium income was 406.692 billion THB with a persistency rate of 84%, referring to

the volume of business that has been retained without lapsing or being replaced by other insurers.

A major factor that affected the gross premium income in 2016 was the economic condition sustained from 2015 as a result of global economic slowdown. Public purchasing power dropped, despite an improvement in household consumption, affecting new business premium income. Meanwhile, many insurance companies decreased the sales volume of single premium products, resulting in slower growth in the income from such products. In the light of the low interest rate environment, life insurance companies focused more on selling long-term protection products.

Figure 4: First year, renewal, and single premium



Source: TLAA

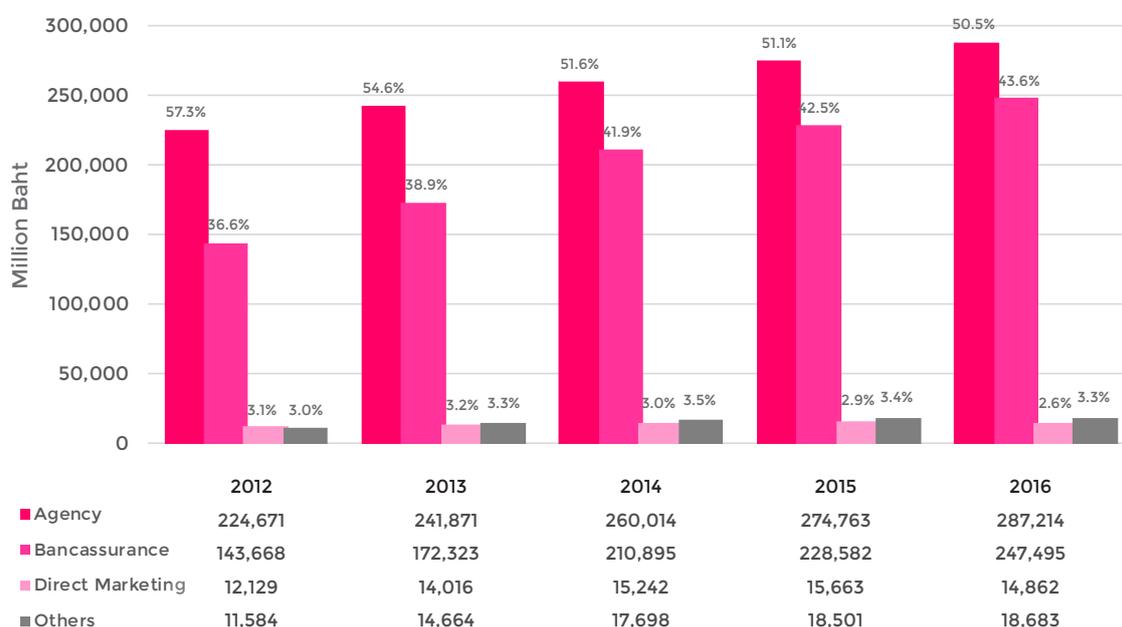
INDUSTRY OVERVIEW

DISTRIBUTION

The agency channel continued to be the main channel of distribution for the life insurance business in Thailand. As of the end of 2016, the total amount earned through this channel was 287,214 million THB, an increase of 4.53% from 2015, representing 50.54% of total income (see Figure 5). The second largest distribution channel was bancassurance, with total earnings of 247,495 million THB, an increase of 8.27% from 2015, representing 43.56% of total income. Other channels stood at 33,506 million THB and represented 5.90% of total earnings.

From 2012 to 2016, agency was always the largest revenue-generating channel, followed by bancassurance. However, the proportion of premium income from bancassurance has increased year-on-year and is now close to that of the agency channel. The advantages of bancassurance over the agency channel are greater access to customers by utilizing the branch network of a partner bank and more resources to continuously launch marketing campaigns to attract prospective customers.

Figure 5: Premium income by distribution channel

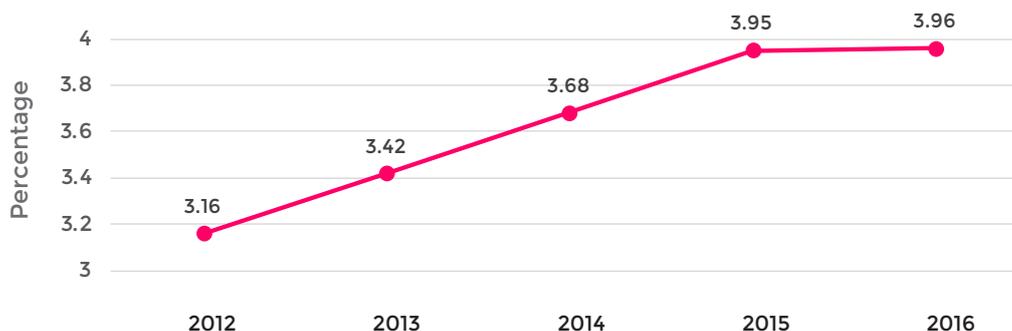


Source: TLAA

INDUSTRY PENETRATION AND INSURANCE DENSITY

The insurance penetration rates in Thailand in 2015 and 2016 were 3.95% and 3.96%, respectively (see Figure 6). The insurance density, an indicator for the development of insurance within a country calculated as the ratio of total insurance premiums to population in a given country, in 2015 and 2016 was 8,181 THB and 8,623 THB, respectively (see Figure 7).

Figure 6: Insurance penetration rate in Thailand



Source: TLAA

INDUSTRY OVERVIEW

Figure 7: Insurance penetration and density in Thailand

Class	2012	2013	2014	2015	2016
Direct Premium (Million Baht)	390,517	441,372	503,851	537,510	568,260
Gross Domestic Product (GDP) (Million Baht)	12,354,700	12,910,000	13,703,000	13,609,000	14,360,600
Policies (No.)	18,876,203	20,148,185	19,708,597	24,204,587	24,619,643
Population (Million)	64.5	64.8	65.1	65.7	65.9
Insurance Penetration Rate (%)	3.16%	3.42%	3.68%	3.95%	3.96%
Insurance Density (Baht)	6,055	6,811	7,740	8,181	8,623
No. of Policies per Population	0.2927	0.3109	0.3027	0.3684	0.3736

Source: TLAA

NUMBER OF IN-FORCE POLICIES AND FIRST YEAR POLICIES

The total number of policies in-force, which are policies that are active and fully paid-up, at the end of 2016 was 24.6 million, and the total sum-insured 17,220,356 million THB.

The total number of first year policies in a period between January to December 2016 was 3.87 million, and the total sum-insured was 4,628,049 million THB.

Figure 8: Breakdown of policies by class

(1) New business during the year 2016 Unit: Million Baht

Type of Insurance	No. of Policies	%	Sum Insured	%	Sum Insured (per Policy)
Ordinary	3,131,866	80.98	922,502	19.93	294.55
Industrial	71,727	1.85	7,290	0.16	101.63
Group	75,841	1.96	2,957,062	63.89	38,990.28
Annuity	30,806	0.80	10,446	0.23	339.09
Unit-Linked	54,631	1.41	88,189	1.91	1,614.26
Universal Life	4,811	0.12	2,444	0.05	508.10
Personal Accident	497,785	12.87	640,116	13.83	1,285.93
Total	3,867,467	100.00	4,628,049	100.00	1,196.66

(2) Policies in force at the end of the year 2016 Unit: Million Baht

Type of Insurance	No. of Policies	%	Sum Insured	%	Sum Insured (per Policy)
Ordinary	20,572,656	83.58	5,062,111	29.40	246.06
Industrial	1,478,307	6.01	111,968	0.65	75.74
Group	193,793	0.79	7,845,491	45.56	40,483.87
Annuity	119,175	0.48	47,808	0.28	401.16
Unit-Linked	108,875	0.44	163,108	0.95	1,498.12
Universal Life	86,936	0.35	38,256	0.22	440.05
Personal Accident	2,056,029	8.35	3,951,614	22.95	1,921.96
Total	24,615,771	100.00	17,220,356	100.00	699.57

Source: TLAA

FACTORS ATTRIBUTED TO LIFE INSURANCE BUSINESS GROWTH

According to The Thai Life Assurance Association (TLAA), the growth of Life Insurance business is attributable to two main factors as follows:

(1) Government Sector Support

1. Improving flexibility of regulations to support life insurance business and facilitate the transition to "Digital Insurance Age".
2. Promoting the development of new products that are responsive to the needs of all customer segments.
3. Providing tax incentives for life insurance premiums, which draws the attention of the public to life insurance products.

(2) Business Sector Support

1. The competition among life insurance companies leads to a variety of products that meet the needs of the consumers.
2. The development of digital life insurance in order to reduce complexity of sale procedures
3. The development of investment link products to respond to the demand of consumers who are looking for life insurance products that offer protection and a higher return on investment.
4. The development of a sales force to enable the efficient sale of life insurance products.

COMPETITORS

COMPETITORS

In 2017, there were 23 total life insurers in the market, five of which were of major size – AIA, Muang Thai Life, Thai Life Insurance, Krungthai AXA Life, and SCB Life. These five players combined hold more than 70% of total market share.

The top ten leaders of life insurance companies in terms of gross premium income in 2016 are:

Company Name	Market Share	Gross Premium Income (Million THB)
1. The American International Assurance (AIA)	21.34%	121,254
2. Muang Thai Life Assurance (MTL)	17.07%	97,012
3. Thai Life Insurance (TLI)	14.17%	80,523
4. Krungthai-AXA Life Assurance (KTAL)	9.83%	55,875
5. SCB Life Assurance (SCB Life)	9.28%	52,721
6. Bangkok Life Assurance (BLA)	7.63%	43,333
7. Allianz Ayudhya Life Assurance (AZAY)	5.47%	31,073
8. FWD Life Insurance (FWD)	3.60%	20,463
9. Prudential Life Assurance (Thailand) (PLT)	3.39%	19,241
10. Ocean Life Insurance (OLIC)	2.24%	12,708

AIA

AIA Thailand is a subsidiary of AIA Group Limited, the largest public listed pan-Asian life insurance group. The company has been operating in Thailand since 1938 and is currently the largest insurance company in Thailand. AIA has the largest agency force, contributing to 75% of new business premiums and 92% of total premiums in 2017. In October 2017, AIA formed a strategic bancassurance partnership with Bangkok Bank, the largest bank in Thailand in terms of total assets and number of customers, in order to sell whole life and long-term saving products through the bank's branches.

KRUNGTHAI AXA

Krungthai-AXA Life Insurance Public Company Limited was established from a co-investment partnership between Krungthai Bank PCL, the largest state-owned bank, and the AXA Group, a global financial protection and asset-management firm.

THAI LIFE INSURANCE

Thai Life Insurance is the first Thai insurance company, established during the Second World War in 1942. Its slogan is “Thai Life Insurance, Life Beside You”. The company is also famous for its emotionally-moving television commercials. Thai Life insurance has the second largest agency force that is strong in the mass segment and upcountry areas.

SCB LIFE

Prior to 2011, SCB Life was formerly a joint venture known as Siam Commercial New York Life Insurance between Siam Commercial Bank Plc. (SCB) and New York Life Insurance (NYLI), a U.S.-based firm. In 2011, SCB acquired all the shares of the company held by NYLI and renamed the company to SCB Life Assurance Public Company Limited.

As the company seeks to grow, MTL's management recognizes the opportunities within the more profitable customer segments, namely the middle income segment. Therefore, its strategy going forward is to shift its target to the middle MI and upper MI segment - those with annual incomes falling between 360,000 THB and 1,200,000 THB, equivalent to approximately 30,000 THB and 100,000 THB per month.

THAILAND'S MIDDLE INCOME SEGMENT

The Economist Intelligence Unit defines Thailand's middle income segment to be those with annual incomes ranging from 170,000 THB to 875,000 THB, this segmentation only slightly differs from that of MTL. The segment is continually expanding, reflected through consistent growth of household income at approximately 3.8% per year from 2000 to 2016. In 2015, 73% of households were considered middle income households, expected to reach 75% by 2020 (see Figure 9).

However, there still remains large income inequality. Purchasing power is highly concentrated within Bangkok, the political and economic hub of the country (see Figure 10). Bangkok is also projected to see the highest increase in total consumer spending from 2017 to 2030.

Rapid urbanization in Thailand has led to an increase in single-person households, which grew by 34% between 2011 and 2016, exceeding the number of households occupied by couples with children for the first time. In Bangkok, a large majority of the emerging middle class are millennials with corporate jobs, mostly living in single apartments.

CONSUMER TRENDS

The expansion of the Thai middle class has led to increased demand for discretionary goods and services. Consumer confidence, and consequently consumer expenditure, has been slowly rising since 2014, recovering from political setbacks a few years earlier. According to the Boston Consulting Group (BCG), as the Thai middle class becomes increasingly affluent, their spending behavior shifts towards more luxury products and services, as well as experiences such as travel.

Thai consumers tend to be price-conscious and can be influenced by in-store promotions, in addition to traditional forms of media, such as television (see Figure 11). Nevertheless, middle-income and affluent customers tend to have high brand loyalty and are willing to pay a premium for their favorite brands.

Health awareness has also been on the rise, driven by rising incomes and access to health information. This has led to the growth of health-related industries such as organic packaged food, vitamins, dietary supplements, and fitness clubs.



THE CHALLENGE

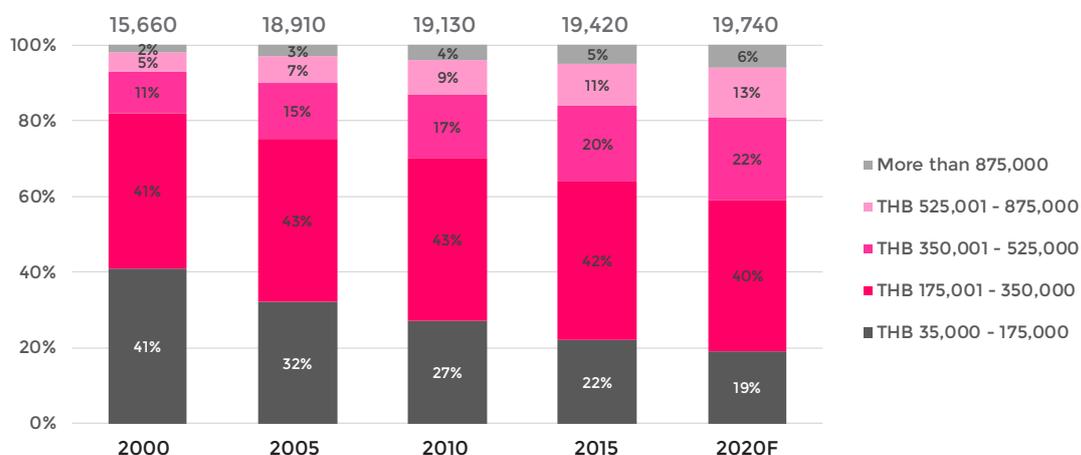
DIGITAL TRENDS

There has been tremendous growth in internet access in Thailand, with internet penetration standing at 52% of households in 2016, up from merely 8.7% in 2011. Consequently, internet retailing has also grown by 107.5% between 2012 and 2017. Although digital media still ranks below more traditional forms of media for Thai consumers' most preferred source of information (see Figure 11), an increasing amount of online research is undertaken before making purchases. Up to 40% of purchases by Thai consumers are now digitally influenced, with the majority of research done through social media such as Facebook, Instagram, and the widely-used instant messaging application, LINE⁽²⁾. Thais spend 2.9 hours per day on average on social media, significantly above the global average of 1.7 hours per day⁽³⁾.

LIFE INSURANCE CONSUMER PURCHASING BEHAVIOR

In addition to seeking the protection that life insurance policies offer, Thai consumers also purchase life insurance for several other reasons. For instance, many consider life insurance to be a better savings product than a savings account offered by banks. In fact, many Thais give more weight to the savings component than the protection component of life insurance in their purchase decision. Another reason is that an increasing number of Thai people buy life policies that have a health rider attached because they perceive this to be a more cost-effective option than purchasing life insurance from a life insurance firm and health insurance separately, from another non-life firm.

Figure 9: Proportion of household income segments by annual household income



Source: The Economist Intelligence Unit

2 <https://www.bcg.com/publications/2017/globalization-go-to-markets-five-consumer-trends-watch-thailand.aspx>
 3 <https://www2.deloitte.com/content/dam/Deloitte/jp/Documents/consumer-business/cp/jp-cp-ci2016tl-eng.pdf>

CHALLENGES FOR THE AGENCY MODEL

The growing bancassurance channel is already well-suited to serve middle income customers. At the same time, MTL believes that the agency model will still play an important role in its strategy to further penetrate into the middle income segment. The agency model is advantageous in certain aspects, such as the fact that agents are able to explain complex products to customers, while the bancassurance model is limited by time constraints. In addition, MTL is able to have more control through the agency model compared to bancassurance, through the management of its agency force.

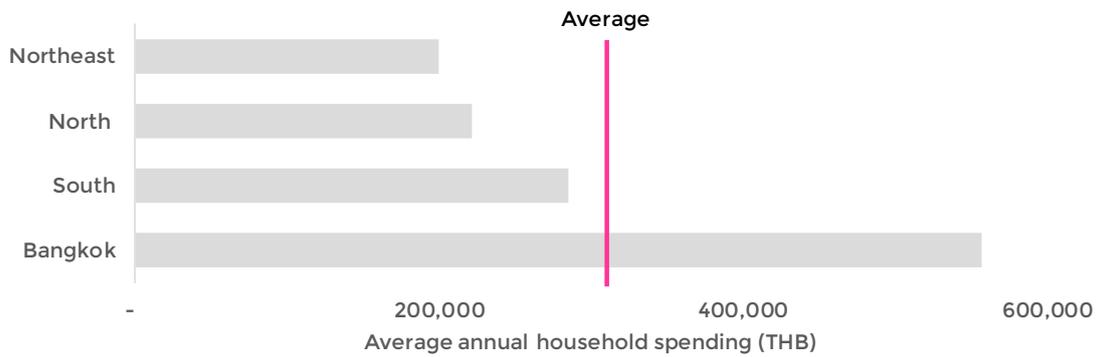
Unlike the mass market, the middle income segment faces a low penetration rate with the agency model. Middle income customers are more financially literate, and may often be reluctant to buy insurance from agents that are from the mass income segment.

As most of MTL's current agents are within the mass segment and are also getting older, they are not well-suited to serve middle income customers. As a result, MTL is currently fourth in the industry in terms of market share by total agency premiums (see Figure 12).

With these challenges in mind, MTL is looking for a clearer profile of who exactly these middle-income customers should be. Furthermore, what changes should be made to develop MTL's new agency model in order to serve this segment of customers?

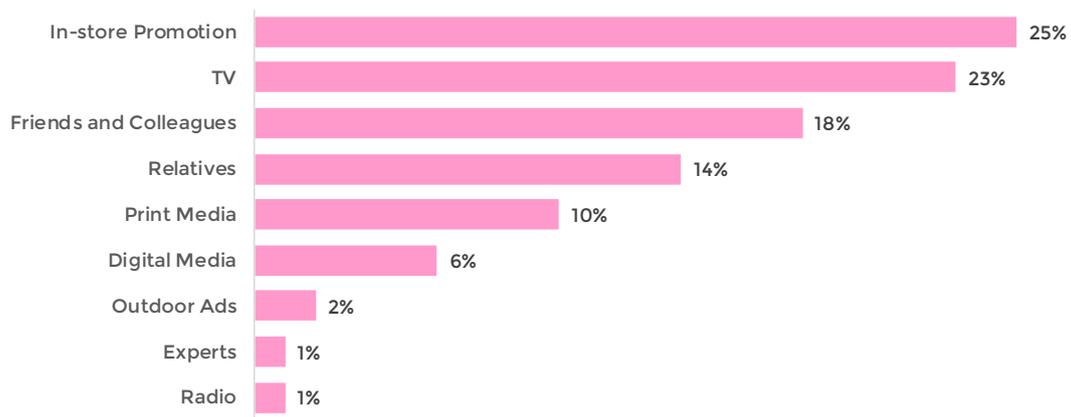
THE CHALLENGE

Figure 10 Average annual household spending by region in Thailand



Source: Euromonitor

Figure 11: Thai consumers' preferred sources of information



Source: Deloitte

Figure 12: Agency channel market share

Company	Total Agency Premiums ('000s of THB)	% Share
AIA	116,529,738.00	39.36
TLI	63,559,381.64	21.47
KTAL	25,164,890.84	8.50
MTL	23,651,934.88	7.99
AZAY	14,213,625.84	4.80
BLA	14,182,182.78	4.79
OLIC	11,659,211.81	3.94
Others	27,085,954.78	9.15

Source: MTL

THE AGENCY MODEL

REGULATIONS RELATED TO AGENTS

The insurance industry in Thailand is governed by The Office of Insurance Commission (OIC) under supervision of The Ministry of Finance. The OIC has jurisdiction over both insurers and agents.

The Life Insurance Act defines ‘insurance agent’ as a person assigned by an insurer to induce persons to enter into a life insurance contract with the insurer. An agent must obtain a license from the OIC, which is specific to a single insurer. Agent licenses are granted to individuals who are domiciled in Thailand. Applicants for insurance agent licenses must take a study course in insurance law, which covers an overview of the life insurance business and the main components of the policy, the course of action in selling life insurance products and the code of ethics applying to insurance agents. After completing the course, applicants are required to take an exam. Those that pass the exam can then obtain a letter of appointment from the insurer. Once appointed, the applicants can obtain the insurance license and can lawfully act as an agent. The license must be renewed regularly, and the license holder must routinely take further study as prescribed by the OIC in order to continue the license.

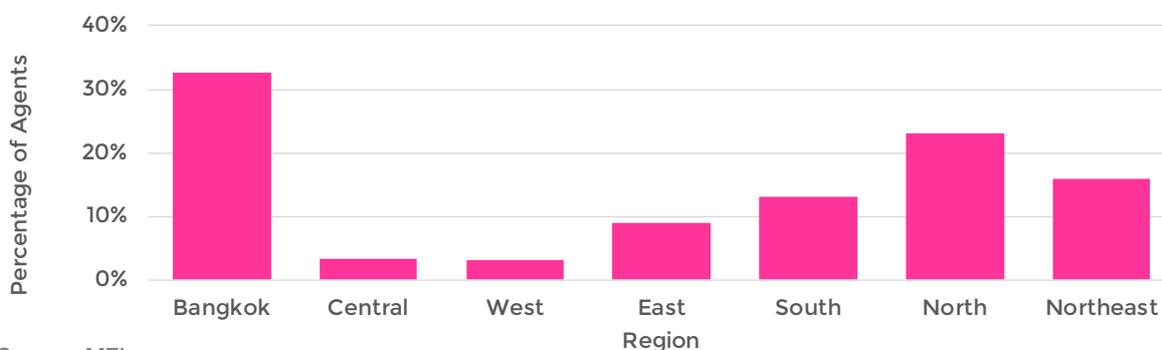
AGENT PROFILE

MTL currently has a network of 22,099 agents throughout the country (see Figure 13). Approximately half of the agents are aged between 31 and 45 years old (see Figure 14), and are considered to be within the mass segment. On average, only 20% of agents are considered ‘active’ agents, selling at least one case (i.e. successfully closing a sale) per month, while the rest work only part-time as agents alongside other jobs, and tend to sell cases at a lower rate. The top 15% of MTL’s agents contribute to approximately 50% of its total agency premiums.

Agents are appointed by, and tied to, a single insurance company. Agents can only be individuals not corporations. Agents solicit business on behalf of the insurer whilst owing certain limited duties to the insured to ensure that the customer is sufficiently informed of all pertinent information with respect to the products that they are selling.

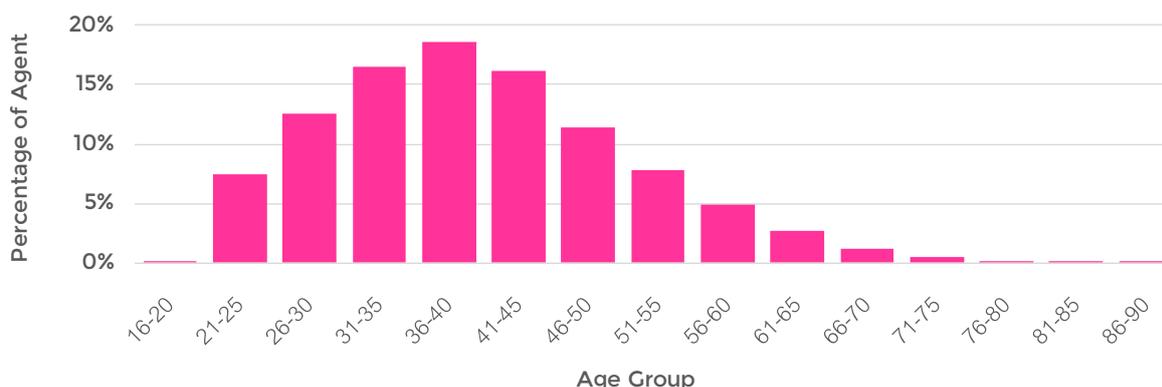
Most agents in Thailand are freelance. However, they may form teams that share client portfolios and combine individual sales and profit margins as a team. Sub-agents are not allowed as the authority granted by the insurer in its letter of appointment is specific to an individual and is non-delegable.

Figure 13: Distribution of MTL agents by region



Source: MTL

Figure 14: Distribution of MTL agents by age



Source: MTL

RECRUITMENT INITIATIVES



RECRUITMENT INITIATIVES

Advertisement and referral are the main tools MTL deploys to recruit agents. The key message used in advertisements revolves around the improvement in quality of life a person would see if he/she becomes an insurance agent (especially in terms of income, freedom and flexibility). MTL's advertisements are communicated through both online and offline channels. Some examples of recruitment videos can be found in Appendix D.

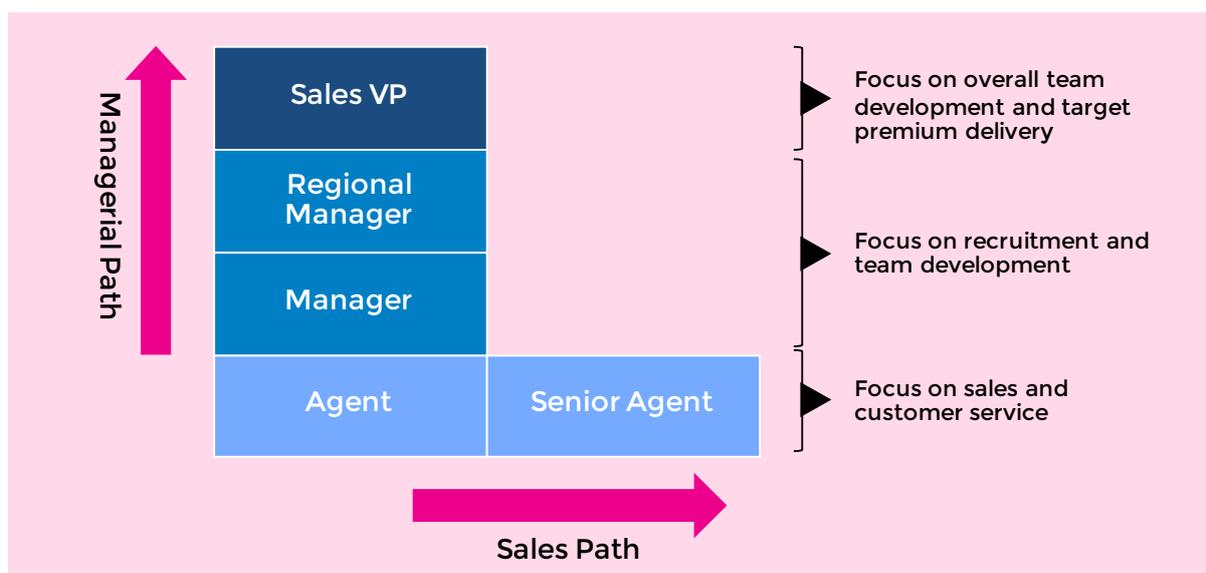
Existing agents are encouraged to refer their family members, friends, and colleagues to become an MTL agent. To become an agent, they must obtain an agent license and undergo trainings provided by MTL.

Agents have two paths available to them in terms of career progression (see Figure 15). The sales path would allow them to focus on selling insurance, and they can progress to become a senior agent. Alternatively, they can choose a

managerial path, in which they can become manager, regional manager, and eventually sales VP, with increasing focus on team delivery rather than their own sales. Retention and engagement building initiatives are mainly the responsibility of sales VPs and sales managers. The criteria for promotion are typically sales performance, the number of agents/managers under their team, and the number of years that they have been MTL agents.

Currently, MTL recruits approximately 10,000 agents per year. However, the majority of them will drop out of the process due to several reasons. One such reason is the requirement to have certain numbers of agents or managers in each team. For example, agent managers must have at least 4 agents and regional managers must have at least 5 agent managers. In order to meet these KPIs, many existing agents would simply sign up people they know, who are not necessarily interested in becoming agents. Inevitably, they tend to become inactive and drop out.

Figure 15: MTL's agency structure



Source: MTL

THE AGENCY MODEL

PERCEPTION TOWARDS AGENTS

It has become increasingly difficult for MTL to attract new agents, especially those of the younger generation. Thai millennials are now attracted by occupations such as becoming entrepreneurs, startup employees, or employees for large corporations offering higher pay.

Life insurance agents tend to be unfavorably perceived by the public. The popular belief is that most agents are primarily interested in maximizing their commissions rather than the customers' best interest. This is stipulated by a long history of direct and indirect unpleasant experiences that customers have had with agents. For example, agents might intentionally exaggerate the extent of an insurance claim to their prospective customers in an attempt to close a sale. In many cases, agents provide little to no after-sales services to their customers despite promising them with the best possible care during their sale persuasions.

Since agents tend to rely on their personal networks to reach certain sales targets, their selling is sometimes perceived by their friends and family as an annoyance. In addition, agents are often also believed to be deploying multi-level-marketing (MLM) direct sales, which is a generally loathed practice among Thai people due to its exploitative nature.

With these challenges, how can MTL attract more agents given the current general public perception?

SALES MODEL

MTL agents earn commission for each product that they are able to sell to customers, typically as a percentage of premiums (each product has a different commission rate). Agents may also earn additional incentives provided by MTL. For example, if an agent can achieve a certain sales target, they may get additional compensation, and his/her manager may also get compensated for recruiting and developing the agent in their team.

Currently, 79% of agent sales are savings products, which consist of endowment and annuity products. Most of the savings products sold are endowment. Only the remaining 21% of agent sales are from protection products (i.e. term, whole-life, and investment). This is due to the fact that it is easier for agents to sell savings products, as the nature of Thai people is that they have a tendency towards savings, and these savings products usually provide higher returns than what banks provide. However,

as protection products are more profitable than savings products, selling protection products would generate higher profits for the company, as well as higher commissions for the agents.

Going forward, MTL should decide which products the new generation agents should sell and how it can further encourage the agents to sell those products. However, MTL is not looking to change its incentive structure, keeping in mind that Thai regulations limit the commission rate of insurance products. What are some other initiatives that MTL could take to foster sales of the right product?

SALES APPROACH

MTL's current sales approach is a push sales approach, whereby agents approach potential customers and attempt to convince them to buy the products (see Figure 16).

Once agents are actively working, there are several ways in which they can find potential customers, such as from recommendations by current customers or by attending networking events. Agents have the freedom to arrange their own sales activities or events (but are not allowed to give their own promotions or discounts to their customers due to regulations - these must be designed by MTL and applied to all customers). They can even be quite 'creative' in their marketing efforts, such as having their own Facebook page.

Figure 16: MTL's sales process for agents



Source: MTL



Alternatively, agents also have the opportunity to establish their own sales office after getting approval from the company. An agency office (AO) operates in ways which are similar to a company-owned branch; the main difference is that an agency office is owned by an individual agent who is responsible for the administrative expenses (i.e. salaries, rental and utilities) incurred by the office. However, the owner can also receive subsidies from MTL to cover the some of the operating costs of the AO.

An AO serves as a workplace for agents under the owner's team. Activities that usually take place at an AO include having team meetings, as well as meetings with customers. Moreover, agents can install MTL's systems at their AO to submit new cases, provide certain basic services such as collecting premium payment and accepting customer service requests. An AO is only open to the current and prospective customers of the agents who are staffed at that particular office.

Nevertheless, most sales stem from agents depending on their personal networks of friends and family to sell insurance. Once the agent can no longer find anyone in their network who wants to buy insurance, it becomes increasingly difficult for them to sell. This is another reason for the high dropout rate, as not all agents have extensive networks; thus, they often become discouraged and decide to stop selling.

Agents tend to sell only a few key products that they understand and are able to remember the sales script for. Most agents have a rather limited knowledge of MTL's products, hindering them from fully being able to recommend ones based on the customer's needs and preferences.

Currently, most of MTL's agents do not utilize technology to help in their selling, instead relying on paper-based materials. MTL currently provides some digital sales tools for its agents, such as electronic sales materials, quotation tools (pricing calculators), and an e-application that helps agents complete the sales process on tablets (see Figure 16). However, the utilization rate of these digital sales tools is low. MTL has planned some initiatives to encourage usage, including adding more functions, enhancing the UI of the sales tools, and providing more incentives for agents that use the application.

In terms of the sales approach, MTL wonders whether it should consider revamping its current process in favor of a new one. The company also believes its customer loyalty program, "Smile Club", could be turned into a key competitive advantage in customer acquisition. How can the agency channel be used to leverage on this program?

Furthermore, MTL's management is also open to any other ideas you may have regarding the integration of technology into the sales or customer service process.

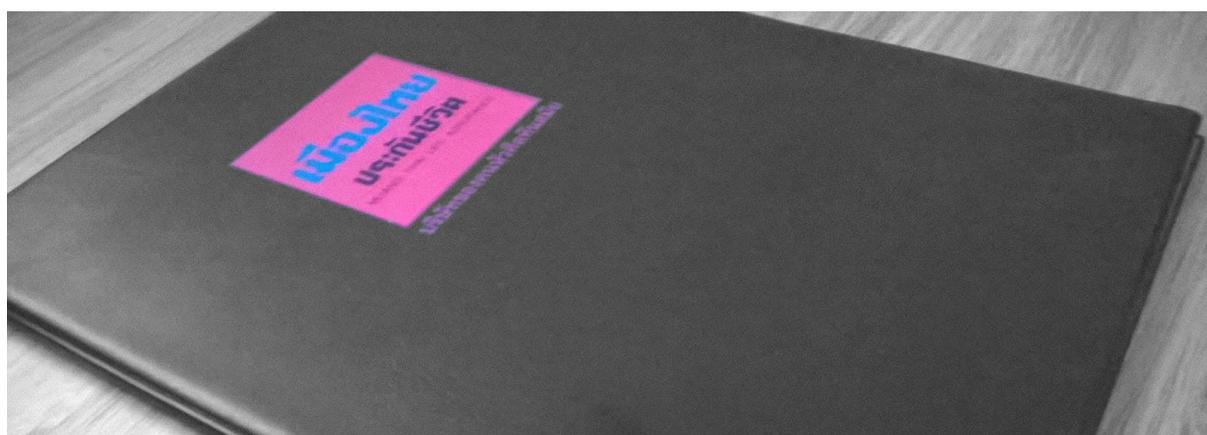
THE AGENCY MODEL & COMPETITORS' INITIATIVES

AGENT SERVICE MODEL

Agents provide certain facilitatory services to customers, such as renewal premium collection and claim submission. MTL currently has initiatives to encourage agents to provide more services to customers, by providing more tools and equipping agent offices to be able to provide the same services as an MTL branch.

AGENT COMMUNICATION CHANNELS

MTL communicates with its agents via both online and offline channels. Online channels include the agency sales tool, an agency website, email, and group chats via LINE. Offline channels include letter, SMS, meetings with sales VPs, and communication through the company's Marketing Coordinator.



COMPETITORS' INITIATIVES

AIA relies heavily on the agency model for its distribution, contributing to 92% of its total premiums. It also ranks first in terms total agency premiums in Thailand. Recently, starting in 2018, AIA has invested significantly in recruiting more new generation agents, launching a campaign called 'AIA Financial Advisor' (AIA FA). The company rebranded their insurance agents as financial advisors, in order to portray professionalism and attract millennials. The FAs will no longer only be selling insurance, instead becoming an all-rounded financial consultant for customers.

Advertisements have been communicated through various touch points, including social media, radio, and Bangkok's skytrain system, which involved "wrapping" an entire station with AIA ads. The key message for these advertisements is "become your own boss", showcasing the stress of corporate jobs and contrasting it with the flexibility of being an FA in order to appeal to the younger generation.

To support the campaign, the company has also introduced a new training program for these advisors, "AIA FA 2.0", a high-intensity program. Compared to its previous program, the new edition will be longer in duration, and

training methods will be adapted in order to ensure that its FAs are ready to start working. FAs will also receive training directly from AIA executives with considerable experience.

AIA is placing higher emphasis on the career progression of the FAs by advising them on their career roadmap and on how they can reach the highest level of success as an insurance agent. AIA also helps the FAs to become Million Dollar Round Table (MDRT) members, an internationally recognized standard of excellence in the insurance and financial services industry, through its 'Premier Academy' program, which offers mentorship by successful MDRT members.

In addition, technology is an integral part of the AIA FA strategy. It currently utilizes its 'Interactive Mobile Office' (iMO) platform, which enables the FAs to manage all of their activities, from lead generation, to the face-to-face sales process, from their smartphones. This aims to increase agent efficiency and productivity, as well as to enhance customer experience.

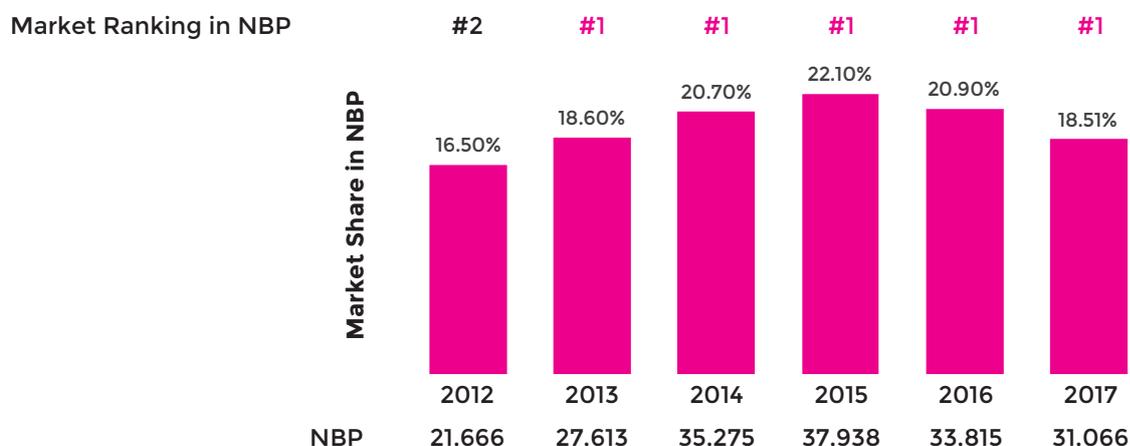
As of now, AIA has approximately 7,000 FAs, constituting 13% of its total agents, accounting for 20% of new business premiums in the agency channel.

Moving forward, the agency business' shift into the middle income segment will expose it to a number of challenges. The company is looking forward to hearing your recommendations on its new agency model, keeping in mind the key questions outlined in the 'Case Question' section.

APPENDICES

Appendix A: MTL's market share in new business premiums

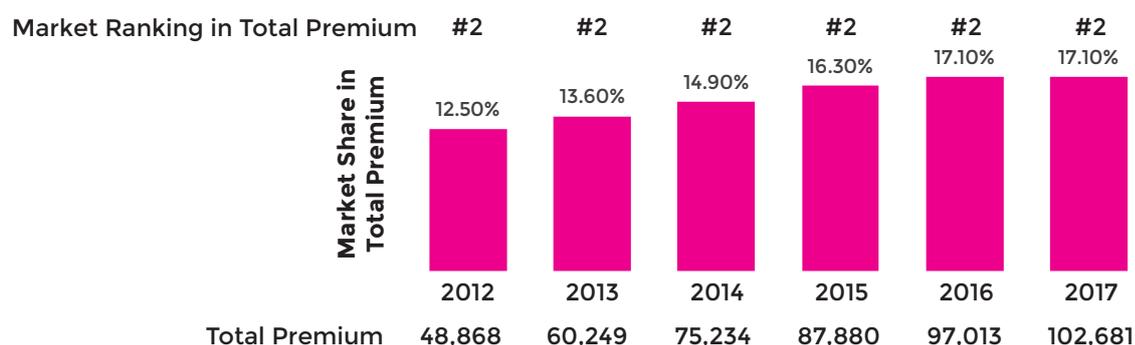
NBP CAGR' 12-16 - Industry 5%
NBP CAGR' 12-16 - MTL 12%



Source: MTL

Appendix B: MTL's market share in total gross premiums

Total Premium CAGR' 12-16 - Industry 10%
Total Premium CAGR' 12-16 - MTL 19%



Source: MTL

Appendix C: MTL's Financials

Condensed Balance Sheet (Units: THB, millions)	2015	2016	2017		
			Q1	Q2	Q3
Assets	296,030.28	362,328.16	382,614.36	397,505.96	413,715.73
Liabilities	260,445.12	317,770.93	335,282.90	350,106.79	362,485.96
Equity	35,585.17	44,557.23	47,331.46	47,399.17	51,229.78

Condensed Income Statement (Units: THB, millions)	2015	2016	2017		
			Q1	Q2	Q3
Revenues	97,077.72	108,651.28	30,187.53	64,127.96	88,419.08
Expenses	89,836.61	100,332.74	28,007.90	59,661.26	81,746.61
Net income	7,241.12	8,318.54	2,179.63	4,466.69	6,672.47

Source: MTL

Appendix D: Muang Thai Smile Club



Members will receive a club card (Smile, Platinum, or Prestige - depending on the total premium of their insurance policies) that can be used at stores MTL has partnered with to receive benefits. Members can also collect points and redeem them for rewards. Co-branded credit cards, developed by MTL and KBank, are also available to members.

There are many activities and privileges available to members, which fall into various categories including sports (e.g. gym discounts), food (e.g. restaurant discounts), health (e.g. health check-up discounts), shopping, concerts, travel, and more (visit <http://www.muangthai.co.th:1766/en/smileclub/activity/all> for the full list of activities).

The official mascot of the club is called “Rakyim”, which translates to “dimple” in English.



Source: MTL

Appendix E: Examples of Recruitment Videos (English Transcript)

1. “5th necessity of life” (https://youtu.be/5Y_UvDxt5ik)

“What is your 5th necessity of life? [In Thai culture, the 4 necessities are widely regarded as food, shelter, clothing, and medicine]

Did you know? These days, life insurance is something people perceive as a necessity. This is because, the new age of insurance is not merely life and health insurance, but it also includes protection, savings, and investments. Become a part of this new age of insurance by becoming a financial advisor with MTL. We are prepared to support you in every way - to strive forward with us.

Sign up to become an agent with MTL.”

2. “Turn your negative life into a stable one” (<https://youtu.be/iNb0OfbyrS8>)

“I used to be someone without much financial stability. I worked in a factory, but also juggled other jobs in order to find more income, such as selling perfumes, clothes, and “pa-tong-go” (a deep fried dough stick snack), while attending school at the same time. My life was difficult. I wanted to have a better life. I wanted to earn

more money, so that I could follow my dreams.

When I first became an agent with MTL, my income from the first month was higher than what I earned working at the factory, but I was too scared to quit my job there. But one day, someone said to me, “You are holding onto a 20 baht banknote. Why don’t you let go of that 20 Baht banknote so that you can hold a 1,000 baht banknote instead?”. This thought really stuck with me, so I decided to try becoming a full-time agent.

Today, I am able to buy a car, a house, and I have money to spend as I need. I am able to support my family financially and even get to travel. Besides the financial aspects, becoming an agent has also allowed me to become a better communicator. My personality and attitude has improved. I am now very happy with my life. I feel that I get to help out a lot of people, so that they can have savings and life insurance. The other MTL agents and staff are always there to support you.

Find a job that allows you to achieve your dreams, have a better quality of life, and help others around you.”

Source: MTL

Appendix F: MTL's Products

1. Traditional products

1.1. Term assurance

Term assurance is a form of temporary life insurance. It is meant to provide death benefits for a limited period of time. For example, a 10-year term policy means that the insured period is 10 years. If the holder dies during those 10 years, a death benefit will be paid out. At the end of the term, the policy will no longer be in effect, and no death benefit would be provided. It is generally low cost but does not provide any cash bonus or maturity benefit.

1.2. Whole-life assurance

Whole-life assurance provides insurance coverage over the entire life of the policyholder. Assuming the required premiums are paid according to agreed terms, death benefit would be provided upon the death of the policyholder; otherwise, maturity benefit would be paid at the age of 99. Some whole-life products may also have an investment component in the form of a cash bonus arising from the company's investment portfolio. This type of product has a cash value that increases over time as specified in the policy. Policyholders can receive the cash value if they terminate (surrender) the policy before the maturity date or upon request for a policy loan.

1.3. Endowment assurance

Endowment assurance is aimed at customers who wish to maximize their savings component. The policy pays out the assured amount upon the death of the insured, or a lump sum upon the maturity date. This type of product may also have a cash bonus feature.

1.4. Annuity/pension assurance

An annuity pays a regular income stream to an individual from a lump sum investment, usually for the purpose of retirement income. During the premium payment period, death benefit is covered. If the policyholder does not die during the premium payment period, an annuity is paid out to the policyholder as maturity benefit.

Health/accident rider

A rider acts as an add-on to an existing insurance policy (term, whole-life, endowment, annuity), providing additional coverage. Riders cannot be purchased on their own as a standalone product, so customers who would like to have health or accident coverage must either already have a life insurance policy or must first purchase a life insurance policy before purchasing a rider. Riders may include: accidental, health, critical illness rider, and total permanent disability rider, which will protect policyholders in those events.

2. Investment products

2.1. Universal life insurance

Universal life insurance offers both insurance and savings elements. The difference between universal life and whole life insurance is that the value from the savings component can be used to pay off the premiums. With whole life insurance, the policy benefits would be fixed and stated in the policy, while for universal life insurance, investment return comes from a universal life portfolio (separate from the company's investment portfolio). Any excess return over the stated return can be used to offset the value of the premiums. This allows the policyholder to receive additional benefits depending on investment performance.

2.2. Unit-linked insurance

Unit-linked insurance also consists of both insurance and savings elements. However, it provides wider investment options for the savings element. The policyholder may choose from different mutual funds for their investment with varying proportions of debt and equity to suit with their risk appetite. The policyholder bears the risk of the investment portion, and there is no guaranteed return.

To summarize, traditional and investment products differ in seven key aspects as follows:

Feature	Traditional	Investment	
		Universal Life	Unit - Linked
Investment instrument	Company investment portfolio	Universal life portfolio (separate from company investment portfolio)	Mutual fund
Cash benefit to policyholder	Fixed rate as stated in the policy	Variable; depends on corporate investment performance, but not lower than guaranteed rate	Variable; depends on selected mutual fund performance (may be gain or loss)
Investment policy	Not disclosed, company is only responsible for cash benefits stated in the policy	Investment policy and previous yield may be disclosed for policyholder to make decision for investment	Investment policy and previous yield are disclosed for policyholder to make decision for investment
Investment risk	Company takes all of the investment risk	Company and policyholder take the investment risk	Policyholder takes all of the investment risk
Death and maturity benefit	Fixed amount, as stated in the policy	Death benefit is not lower than sum assured; maturity benefit depends on investment cash value	Death benefit is not lower than sum assured; maturity benefit depends on selected mutual fund NAV
Flexibility		Sum assured can be increased / decreased	Sum assured can be increased / decreased; premium can be increased / decreased / paused; investment can be withdrawn

Source: MTL



APPENDICES

Appendix G: Examples of Product Brochures

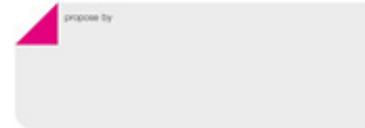
Validity of insurance contract

In case that the insured knowingly makes false statement or knowingly omits to disclose any fact to the Company for acknowledgement while applying for the insurance, where if the Company had known of such fact, the Company may be induced to charge higher premium or refuse to enter into the insurance contract, then this insurance contract will be voidable according to Section 865 of the Civil and Commercial Code which the Company has the right to void the insurance contract and not to make any policy payment. The Company's liability will be limited to returning all premium paid to the Company.

Exclusions

1. In case the insured voluntarily commits suicide within one year from the effective date or the latest date of renewal or reinstatement of the insurance policy or the date that the Company approves to increase the sum insured amount which shall apply to the increasing sum insured amount only.
2. In case the insured is murdered intentionally by the beneficiary.
3. In case the insured declares an incorrect age and the Company can prove that at the time of insurance contract formation, the actual age is outside the premium rate limit according to the normal business practice of the Company.

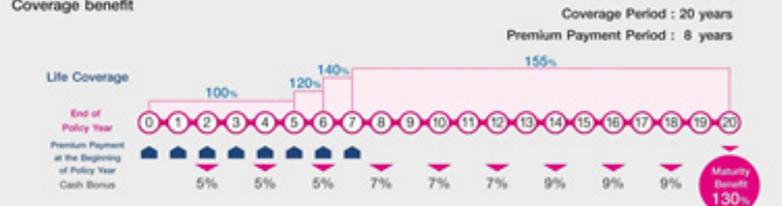
Outstanding Corporate Governance and Management Awards



Muang Thai Life Assurance Public Company Limited
 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

Muang Thai Life
 2-02-04-0411 1-03-2061

Coverage benefit



For insurance policy dividend, if the insured is alive upon the contract maturity date, the company shall pay a special dividend (if any).
 Remark : Benefit and coverage are in % of the initial sum insured.
 Plus special dividend (if any)

Annual premium rate per 1,000 Baht of sum insured

Age	Male Premium Rate (Baht)	Female Premium Rate (Baht)
1 - 15 (month old)	185.00	184.00
16 - 35 (month old)	189.00	185.00
36 - 50 (month old)	192.00	186.00
51 - 60 (month old)	205.00	196.00
61 - 65 (month old)	225.00	213.00

Discount of annual premium rate per 1,000 Baht of sum insured

Sum Insured (Baht)	Discount of Premium Rate (Baht)
100,000 - 199,999	None
200,000 - 299,999	8.00
300,000 - 499,999	10.00
500,000 - 999,999	12.00
From 1,000,000 or more	13.00

Remark: The Company reserves the right to change the discount of premium rate.

Example of benefits of Muang Thai Thana Phan Insurance Plan

Policy Year	Premium on the beginning of policy year (Baht)		Benefit on the end of policy year		Life coverage	
	(1) ¹	(2) ²	Amount (Baht)	(%) ³	Amount (Baht)	(%) ³
1	86,500	-	-	100%	800,000	100%
2	86,500	5%	25,000	100%	800,000	155%
3	86,500	-	-	100%	800,000	155%
4	86,500	5%	25,000	100%	800,000	155%
5	86,500	-	-	100%	800,000	155%
6	86,500	5%	25,000	120%	800,000	155%
7	86,500	-	-	140%	700,000	155%
8	86,500	7%	35,000	155%	775,000	155%
9	-	-	-	155%	775,000	155%
10	-	7%	35,000	155%	775,000	155%
11	-	-	-	155%	775,000	155%
12	-	-	-	100%	800,000	155%
13	-	-	-	7%	35,000	155%
14	-	-	-	9%	45,000	155%
15	-	-	-	9%	45,000	155%
16	-	-	-	9%	45,000	155%
17	-	-	-	9%	45,000	155%
18	-	-	-	9%	45,000	155%
19	-	-	-	9%	45,000	155%
20	-	-	-	130%	650,000	155%
Total	692,000	193%	965,000	+ special dividend (if any)		

Benefits are higher than paid premium: 273,000

Remark : ¹ For insurance policy dividend, if the insured is alive upon the contract maturity, the company shall pay special dividend (if any). ² Underwriting is subject to the Company's rules. ³ In % of the initial sum insured

Life insurance premium of this insurance plan is entitled for personal income tax deduction according to the Notification of the Director-General of the Revenue Department on Income Tax No.172 announced on 30 December 2008.
 Warning: Buyer should have an understanding in the details of coverage and conditions every time before making a decision to purchase insurance.

Validity of insurance contract

In case that the insured knowingly makes false statement or knowingly omits to disclose any fact to the Company for acknowledgement while applying for the insurance, where if the Company had known of such fact, the Company may be induced to charge higher premium or refuse to enter into the insurance contract, then this insurance contract will be voidable according to Section 865 of the Civil and Commercial Code which the Company has the right to void the insurance contract and not to make any policy payment. The Company's liability will be limited to returning all premium paid to the Company.

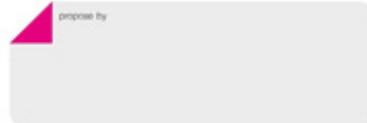
Exclusions of Muang Thai Super Saving 14/7

1. In case the insured voluntarily commits suicide within one year from the effective date or the latest date of renewal or reinstatement of the insurance policy or the date that the Company approves to increase the sum insured amount which shall apply to the increasing sum insured amount only.
2. In case the insured is murdered intentionally by the beneficiary.
3. In case the insured declares an incorrect age and the Company can prove that at the time of insurance contract formation, the actual age is outside the premium rate limit according to the normal business practice of the Company.

Exclusions of Waiver of Premium for Insured Benefit Rider (for insurable age of 15 - 59 and the coverage is provided until the age of 60) from a total of 5 clauses

For example, the rider shall not cover disability which is a result of any of the following causes.

1. Voluntary suicide attempt or self-inflicted injury
2. Bodily injury as a result of traveling or acting as a cabin crew in any non-commercial aircrafts
3. War either declared or undeclared, riot, rebellion, revolution or coup d'état, etc.



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Muang Thai Life
2-02-04-0409

15.02.2561

MTL SAVINGS



Savings Secret for the Ultimate Benefit

Muang Thai Super Saving 14/7 Project



Coverage benefit



Remark 1 - Benefit and coverage are presented in % of the initial sum insured.

* Coverage period, premium payment period and life coverage of Muang Thai Super Saving 14/7

Annual premium rate per 1,000 Baht of sum insured

Age	Premium Rate (Baht)
1 month - 35 years old	226.00 / 225.00
36 years old - 50 years old	228.00 / 227.00
51 years old - 70 years old	230.00 / 229.50

Discount of annual premium rate per 1,000 Baht of sum insured

Sum Insured (Baht)	Discount of Premium Rate (Baht)	
	Male	Female
100,000 - 199,999	None	None
200,000 - 299,999	6.50	6.50
300,000 - 499,999	8.50	8.50
500,000 - 999,999	10.25	12.50
From 1,000,000 or more	10.75	13.00

The Company reserves the right to change the discount of premium rate.

Example of benefits of Muang Thai Super Saving 14/7 Project

Healthy 36-year-old male insured purchases Muang Thai Super Saving 14/7 Project with sum insured of 1,000,000 Baht. Annual premium and entitled benefits are as follows:

Remark 1
* Beneficiary is subject to the Company's rules.
(1) % is % of the initial sum insured.
(2) In case that the insured (insurable age of 15 - 59 years old) becomes totally and permanently disabled by injury or illness which can be proven to have occurred during policy years between the year that the insured attains the age of 15 until the policy anniversary date of the policy year that the insured attains the age of 60, and the Company receives complete proof of evidence, the Company shall waive premium payment of Muang Thai Super Saving 14/7 insurance plan that comes due while the insured is disabled until the end of the premium payment period.

Policy Year	Premium (at the beginning of policy year) (Baht)	Benefit (at the end of policy year)		Life coverage	
		(%) ⁽¹⁾	Amount (Baht)	(%) ⁽¹⁾	Amount (Baht)
1	215,250	3%	30,000	145%	1,450,000
2	215,250	3%	30,000	145%	1,450,000
3	215,250	3%	30,000	145%	1,450,000
4	215,250	3%	30,000	145%	1,450,000
5	215,250	3%	30,000	145%	1,450,000
6	215,250	3%	30,000	145%	1,450,000
7	215,250	3%	30,000	145%	1,450,000
8	-	5%	50,000	145%	1,450,000
9	-	5%	50,000	145%	1,450,000
10	-	5%	50,000	145%	1,450,000
11	-	5%	50,000	145%	1,450,000
12	-	5%	50,000	145%	1,450,000
13	-	5%	50,000	145%	1,450,000
14	-	135%	1,350,000	145%	1,450,000
Total	1,506,750	186%	1,860,000	145%	1,450,000

Benefits higher than paid premium 353,250

Only life insurance premium of this project is entitled for personal income tax deduction according to the Notification of the Director-General of the Revenue Department on Income Tax No.172 announced on 30 December 2008.

Warning : Buyer should have an understanding in the details of coverage and conditions every time before making a decision to purchase insurance.

