



Government may partly payout Covid-19 insurance

The repercussions of the Covid-19 pandemic have significantly impacted some insurance companies which may lead to their closures. The root cause lies in their inadequate premium and capital reserves, rendering them incapable of meeting their obligations to policyholders. In general, insurance companies are responsible for contributing 0.50 percent of their annual insurance premiums to the General Insurance Fund (“GIF”), while the Government also makes an allocation annually to the GIF. This contribution made by the insurance companies will be used for the following purposes:

- (1) Provide assistance to creditors entitled to receive payment for debts arising from insurance in the event that the company's license to operate a casualty insurance business is revoked.
- (2) Cover expenses for developing the casualty insurance business to ensure security and stability, not exceeding the amount received under Section 80 (1) and (2) of Casualty Insurance Act B.E.2535 (A.D.1992).
- (3) Serve as funds for management expenses and other activities related to or associated with the management of the fund, not surpassing the rate set by the fund management committee.
- (4) Facilitate the repayment of principal and the payment of interest as stipulated in Section 80/1 (5).

However, the annual contributions received are insufficient for the GIF to effectively meet outstanding claims. Therefore, the government may need to allocate additional fiscal budget to assist in repaying outstanding claims to policyholders, ensuring that consumers are duly protected.