Health Insurance in Thailand

Market Updates

Thai Reinsurance PCL.
In 2014, Thailand is expected to grow at 1.2 – 1.7%, according to the Fiscal Policy Office.

However, the economy is likely to expand at an annual rate of 3.6 – 4.6% in 2015 due to a rise of public spending in infrastructure projects, an improvement of external demand, and an expansion of domestic consumption and investment.

Challenging issues for the Kingdom include domestic economic and political stability and a recovery of economic performance of major trading partners.

### Real GDP Growth

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FPO (Oct’14)</strong></td>
<td>1.2-1.7%</td>
<td>3.6-4.6%</td>
</tr>
<tr>
<td><strong>ADB (Nov’14)</strong></td>
<td>1.6%</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>IMF (Oct’14)</strong></td>
<td>1%</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>NESDB (Nov’14)</strong></td>
<td>1%</td>
<td>3.5-4.5%</td>
</tr>
</tbody>
</table>

Source: the Fiscal Policy Office (FPO), Ministry of Finance; the Asian Development Bank (ADB); the International Monetary Fund (IMF); the National Economic and Social Development Board (NESDB)
Over the past century, the size of the Thai population has tremendously increased.

In 1910, there were 8 million people in the country. This number jumped to 26 million people in 1960 and 65.9 million people in 2010.

In 2010, Thai population grew at 0.8% compared with 3% in 40 years ago.

The population growth rate is expected to drop to 0% in the next 20 years and may even become negative thereafter.

Source: Thai Health 2012, Health Information System Development Office

Source: Thai Health 2012, Health Information System Development Office
Proportion of Thai Population in 2010 by age group, region, and municipality area

Total Thai population in 2010 = 65.9 million

- 60+ years old: 13.0%
- 15-59 years old: 67.5%
- 0-14 years old: 19.5%

- South: 13.4%
- Northeast: 28.8%
- North: 17.6%
- Central: 27.6%
- Bangkok: 12.6%

- Non-municipality area: 55.9%
- Municipality area: 44.1%

Source: Thai Health 2012, Health Information System Development Office
Projected Population Pyramid in 2010, 2030, and 2050 at high, moderate, and low TFRs

Total Fertility Rate (TFR) = the average number of children born to a woman over her reproductive life (aged 15-49).

**Source:** Thai Health 2012, Health Information System Development Office
Despite Thai population size has more or less stabilized at around 65 million people, the demographic structure has changed tremendously from a largely young population to an ageing population over the past 50 years.

• The number of people aged below 15 years old used to make up as many as 40% of the population in 1960. In 2012, such proportion dropped to 20%.
• In only 40 years, if fertility rates drop further, the Thai population will consist of only 12% children, 65% working-age people and 23% elderly.

The proportion of Thailand’s population aged 65 years and over is on the rise.

Source: Thai Health 2012, Health Information System Development Office
Mortality Profile

Age-standardized death rates

Proportional mortality (% of total deaths, all ages, both sexes)

Source: World Health Organization
## Utilization of Health Services

<table>
<thead>
<tr>
<th></th>
<th>Contraceptive prevalence</th>
<th>Antenatal care (4+ visits)</th>
<th>Births attended by skilled health personnel</th>
<th>Measles immunization (1-yr-olds)</th>
<th>Smear-positive TB treatment-success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>80</td>
<td>80</td>
<td>99</td>
<td>98</td>
<td>85</td>
</tr>
<tr>
<td>Regional average</td>
<td>62</td>
<td>48</td>
<td>76</td>
<td>76</td>
<td>78</td>
</tr>
</tbody>
</table>

Note: Country = Thailand
Source: World Health Organization
Health Profile

Health workforce

<table>
<thead>
<tr>
<th>Per 10,000 population</th>
<th>Physicians</th>
<th>Nurses &amp; midwives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>3.9</td>
<td>20.8</td>
</tr>
<tr>
<td>Regional average</td>
<td>5.9</td>
<td>15.3</td>
</tr>
</tbody>
</table>

Note: Country = Thailand
Source: World Health Organization

Health expenditure per capita

Year      | Country | Regional average |
---        | ---     | ---              |
1995      | 0       | 0                |
2000      | 50      | 50               |
2005      | 100     | 100              |
2010      | 150     | 150              |
2015      | 200     | 200              |

Note: Country = Thailand
Source: World Health Organization
Adult Risk Factors

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
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<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
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<tbody>
<tr>
<td><strong>Raised blood glucose</strong></td>
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<td></td>
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<tr>
<td>(aged 25+), 2008</td>
<td>9.8</td>
<td>25.4</td>
<td>20.2</td>
<td>24.2</td>
<td>11.8</td>
<td>3.7</td>
<td>46</td>
<td>34</td>
<td></td>
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<tr>
<td><strong>Raised blood pressure</strong></td>
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<td>3.7</td>
<td>46</td>
<td>34</td>
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<tr>
<td><strong>Obesity (aged 20+)</strong></td>
<td>4.9</td>
<td>1.7</td>
<td>46</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(aged 20+), 2008</td>
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<tr>
<td><strong>Tobacco use (aged 15+)</strong></td>
<td>46</td>
<td>34</td>
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<tr>
<td>(aged 15+), 2011</td>
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</tbody>
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Note: Country = Thailand
Source: World Health Organization
10 Major Health Risk Factors

- Unsafe sex
- Smoking
- Alcohol
- Non-use of motorcycle helmets
- High blood pressure
- Drug abuse
- Obesity
- Arteriosclerosis
- Under-consumption of fruit and vegetable
- Occupational injuries

Source: Thai Health Promotion Foundation

Source: Unknown, data drawn from WHO Non-Communicable Diseases Country Profiles, 2011
### Size of Health Insurance: Direct Premium

<table>
<thead>
<tr>
<th>Avg. Annual Growth Rate (%, 2010 - 2013)</th>
<th>CAGR (%, 2009 – 2013)</th>
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<tbody>
<tr>
<td>Life</td>
<td>12.7</td>
</tr>
<tr>
<td>Non-Life</td>
<td>14.7</td>
</tr>
</tbody>
</table>

#### Graphical Representation

- **Life**
  - 2009: 26,256,673
  - 2010: 29,438,927
  - 2011: 32,700,841
  - 2012: 37,574,747
  - 2013: 42,353,370

- **Non-Life**
  - 2009: 3,518,889
  - 2010: 4,201,701
  - 2011: 5,079,215
  - 2012: 5,795,676
  - 2013: 6,908,575

- **Total**
  - 2009: 29,775,562
  - 2010: 33,640,628
  - 2011: 37,780,056
  - 2012: 43,370,423
  - 2013: 48,411,945

#### Unit: 1,000 baht

Source: OIC and R&S Div.’s calculation
<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>190,063</td>
</tr>
<tr>
<td>2010</td>
<td>485,043</td>
</tr>
<tr>
<td>2011</td>
<td>801,189</td>
</tr>
<tr>
<td>2012</td>
<td>811,850</td>
</tr>
<tr>
<td>2013</td>
<td>754,549</td>
</tr>
</tbody>
</table>

Source: OIC
Distribution Channel (Non-Life)

**Top 4 channels (2013)**

1. **Broker**: 1.9 bil. baht (30.57%)
2. **Tele Mkt.**: 1.4 bil. baht (22.88%)
3. **Walkin**: 1.3 bil. baht (20.23%)
4. **Banc.**: 0.9 bil. baht (13.58%)

**Agent**: 9.57%

**Worksite**: 2.83%

**Internet**: 0.19%

**Direct Mail**: 0.12%

**Others**: 0.03%

Source: OIC and R&S Div.’s calculation
Life:
AIA is the biggest. The firm’s share is about half of the market.

Non-life:
Bupa Health Ins. is leading in term of direct premium. The firm accounts more than one thirds of the market.

Source: OIC
Potential of Health Products

Given a rising of middle income class, a major source of premium and profit potential for the industry is through the sale of wealth management and personal line business.

Source: OIC (as of July 2013) and R&S Div.’s calculation
What Lies Ahead?

Opportunities

- Rising middle income class
- Increasing emergence of health insurance and pensions
- Increasing the use of mobile technology
- A gateway to business opportunities in the upcoming ASEAN single market

Challenges

- Economic slowdown
- Lower interest rate regime
- Aging population
- Rapidly changing regulatory conditions
- Improving consumer protection and increasing product transparency
- Rising household debt and low productivity growth
- Increasingly higher professional and educational standards for distributors
- More severe and frequent catastrophes
Emerging Opportunity: Health Tourism

“A general sense is that the medical and wellness tourism market is large ranging anywhere between 60,000 to 50 million medical travellers based on various studies with an approximate market size of US$ 60 billion.”

“The biggest growth is expected to take place in Asia and the Pacific where the annual increase in tourist arrivals is forecasted to be 331 million, reaching 535 million by 2030.”

Source: WHO (2013); ITC (2014)
Thank you!

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