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Legal Insight Vol. December 2025

The Office of the Insurance Commission (OIC) Eases Investment Rules for Insurers

The Office of the Insurance Commission (OIC) has relaxed investment restrictions on insurance companies by reducing the equity risk charge from 25% to 18%, enabling insurers to increase investments in the Thai stock market. This regulatory adjustment is expected to unlock up to 200 billion baht in additional investment in 2026 and reflects a more flexible, risk-based supervisory approach that supports capital market development while maintaining financial stability.

From a legal perspective, the easing does not weaken prudential standards. The OIC confirmed that insurers continue to meet capital adequacy and stress-test requirements, reinforcing that insurers remain fully responsible for prudent risk management and compliance with solvency regulations. The measure therefore expands investment discretion without reducing regulatory accountability.

In parallel, the OIC is studying the establishment of a national catastrophe fund to address large-scale disaster risks that exceed the capacity of individual insurers. The regulator has emphasized that insurance premiums will remain market-driven, underscoring the legal principle that insurers must manage catastrophe risks without passing additional burdens to policyholders.

The OIC has also reaffirmed its consumer protection mandate by strengthening oversight of insurance sales practices, requiring transparent disclosure of policy terms and proper premium payment channels. Overall, the move signals a balanced regulatory strategy that promotes investment flexibility, systemic resilience, and continued protection of policyholders' rights.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com