

INSURANCE PRODUCTS FOR THE POOR IN THAILAND

Brian Lawrence¹

Faculty of Risk Management

Assumption University of Thailand

Introduction

In many Asian countries the control by governments over the insurance industry goes well beyond the regulatory systems exercised in freer markets. There are marked differences - from the almost total control in Vietnam, to the relatively free (but properly regulated) system in Hong Kong (Kwon, 2001). Many of the strict supervision countries inherit their controls without question from previous decades of very immature markets and/or socialist/communist political systems.

Globalisation of markets because of technology and international trade, and the liberalisation of markets because of the principle of free trade between nations, have severely challenged the state's role in insurance. Since 1997 GATS has included the eventual liberalisation of insurance. Thailand, which still has a tightly regulated market, is committed to such liberalization (Lawrence, 2001).

The general election in 2001 resulted in an overwhelming victory for a new political party *Thai Rak Thai* (Thai Help Thai). The new Prime Minister, leading a party which for the first time commanded an outright majority in Parliament, instituted a dynamic CEO style of government with many bold initiatives across a wide spectrum of economic and social issues. In addition to helping businesses it also acted to better the lifestyle of the poor. One set of initiatives is designed to help people with low incomes, and goes under the umbrella term of *Ua-arthon* (We Care). Included are easy loans to enable the hire-purchase of taxis, training for would-be airline pilots and flight attendants, computers sold in convenience stores, airconditioning units, and the purchase of specially built low-cost homes. In 2001 the new government also introduced a low-cost health programme (not an insurance scheme) at government hospitals: only 30 baht (less than one US dollar) for medical services, available to 46 million people.

¹ Asst. Professor Brian Lawrence MSc, BA, FCII, Chartered FCIPD, Chartered Insurer, is Director of the Insurance Research Centre and Managing Editor of this Journal