

# DEVELOPMENTS IN INSURANCE RETAIL MARKETING IN THAILAND

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## Abstract

*Among the many effects of the economic crisis of 1997 were the changes in the marketing structure of non-life insurance in Thailand. The business sources had mainly been professional brokers, agents and financial institutions. Insurers treated those producers as their major sources of supply who brought them both big corporate clients and also small clients. The insurers would not have direct contact with the vast majority of their insured (unless a client made a claim).*

*This marketing structure was demolished in 1997 because many financial institutions were closed down by the government, and many corporate clients could not afford to pay premiums. The consecutive shrinking of non-life insurance premiums during 1997-2000, caused local insurance companies to compete more aggressively, but using only old fashioned instruments such as rate reductions, increased commission, increased coverage and long term credit. Eventually they realized that none of this worked when they were faced with competition from global insurers. Many corporate accounts were taken over by foreign investors and assigned to their global policy in their home country.*

*This realization in 1999, made many local insurers decide to move into the retail market. They believed that this would be a lucrative business and they would be in a better position to compete with the foreign players. This was especially preferred by local insurers with strategic connections, e.g. with Banks and Thai conglomerates. They launched many marketing campaigns and activities, using many distribution channels such as direct marketing, licensed agents, non-licensed agents, convenience stores, internet and bank branches. But it was not to be as simple and as easy as it first appeared. They realised that without detailed knowledge, technology and experience, retail marketing could never be a success*

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