

Kobkan Panphong 2010: Study of the Impact of Personal Insurance on the Consumption Expenditure. Master of Economics (Business Economics), Major Field: Business Economics, Department of Economics. Thesis Advisor: Associate Professor Chollada Luangpituksa, Ph.D. 147 pages.

Personal insurance in terms of life insurance, accident insurance and health insurance aims to protect possible damages in the future in order to make the security of life. The insurance company will take the responsibility of the risks and expenses, thus, individuals can manage the money for other expenditures and can be reduced the precautionary demand for money. Consequently, it will result in the increase of consumption. Therefore, the objectives of this research are to study general insurance condition in Thailand and to analyze the impact of personal insurance on consumption expenditure. This study was performed by using the secondary data from 1993 to 2008, namely, after Life Insurance Act and Non-Life Insurance Act B.E. 2535 was effective.

The research revealed that in Thailand Non-Life Insurance businesses have started since the flourishing of Ayutthaya period, and the first Life Insurance businesses have operated in the reign of King Rama V. Later on, Life Insurance Act and Non-Life Insurance Act B.E. 2535 were enacted. The insurance businesses were successfully developed and have grown significantly from 1993 to 2008 in accordance with the development of Thai economy. In 2008, the government issued the new Life Insurance Act and Non-Life Insurance Act B.E. 2551 to conform to the current situations and improve the stability and security of the insurance businesses. According to the causality test to determine the appropriate variables for personal insurance, the result indicated that the personal insurance replaced by the insurance premium was a factor in determining the consumption expenditure. In contrast, the personal insurance replaced by the number of policies could not explain the cause and effect relationship with the expenses of consumption. In addition, the impact of personal insurance on consumption expenditure by the Least Square Method indicated that disposable income, deposit interest rates, and personal insurance replaced by insurance premium had the relationship in the same direction with the consumption expenditure. Hence, insurance was regarded as one of the variables which motivate the consumption; stability of life was guaranteed after making decision on insurance application. However, the consumer price index and dummy variable expressing economic status of Thailand had the opposite direction with the consumption expenditure.

This study recommended that the government should develop the domestic insurance system to be similar to the developed countries in order to increase welfare and create the primary security to the population in the country. Accordingly, certainty of income level will be created and this will increase the consumption expenditure.

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Thesis Advisor's signature