

Nuttaporn Namkaew 2011: A Study of Demand for Life Insurance Policies in Thailand.

Master of Economics, Major Field: Economics, Department of Economics.

Thesis Advisor: Miss Wuthiya Saraithong , Ph.D. 102 pages.

The objectives of this study are twofold: (1) to investigate general characteristics of life insurance business in Thailand and the government's policy supporting life insurance as well as benefits from life insurance; and (2) to examine the demand for life insurance policy in Thailand. This study is undertaken by using secondary data from the period between 1988 and 2007. Descriptive analysis is employed by means of percentage value, graph while quantitative analysis utilizes ordinary least square regression.

The results of this study indicate that the life insurance business expanded gradually to meet the demand for life insurance in Thailand, which can be seen from the increasing net premium and the number of insurance policies. Such tendency is partially caused by the reduction in return rate received from commercial banks and the government's policy to promote savings in the form of life insurance. This is because the government realized the benefits that households could receive from life insurance in contributing security to the insured and their families as well as long-term development of the country as a whole. According to the study's findings, per-capita income and price have positive relationship with change in number of insurance policies in Thailand whereas average one-year fixed deposit interest rate of commercial banks has negative relationship with the change in the number of insurance policies in Thailand. In contrast, income tax incentive measure and social security do not have significant impact on the change in the number of insurance policies in Thailand. The forecast of demand for life insurance policies in Thailand finds that its important factors are per-capita income, price and average one-year fixed deposit interest rate of commercial banks.

From these results, it can be suggested that the government should have a policy to encourage people to have life insurance, such as the measure increasing of per capita income and appropriate premium rate of life insurance. Life insurance companies should offer higher return rate than or equal to that of the interest rate of commercial banks' deposit as well as develop new forms of life insurance suitable for people's income and their current needs.

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