

Thailand Motor Insurance Market By Insurance Type (Third Party Liability, Comprehensive), By Distribution Channel (Agents/Broker, Bank, Online, Others), By Region, Competition, Forecast & Opportunities, 2020-2030F

Market Report | 2025-01-24 | 82 pages | TechSci Research

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Report description:

The Thailand Motor Insurance market was valued at USD 4.78 Billion in 2024 and is expected to grow to USD 7.04 Billion by 2030 with a CAGR of 6.22% during the forecast period. The Thailand Motor Insurance market is primarily driven by factors such as increasing vehicle ownership, especially with the growing middle class and urbanization. As more people purchase vehicles, the demand for motor insurance rises. Government regulations and policies that mandate motor insurance further boost market growth. Also, rising awareness among consumers about the importance of insurance for financial protection against accidents and damages contributes to the market expansion. The increasing availability of digital platforms for purchasing and managing policies also supports the market, making insurance more accessible. Also, advancements in telematics and usage-based insurance models are shaping the future of motor insurance in Thailand.

Key Market Drivers

Growing Sales of Vehicles

The growing sales of vehicles in Thailand is a key driver of the motor insurance market. Over the years, Thailand has experienced a steady increase in vehicle ownership, particularly among the middle class, due to rising disposable incomes, economic growth, and urbanization. As more people purchase personal vehicles, the demand for motor insurance has surged, as vehicle owners seek to protect their investments from potential accidents, theft, or natural disasters.

The Thai automotive market is expanding, with a growing variety of vehicles, including motorcycles, cars, and electric vehicles, driving the need for diverse insurance products. Also, the government's support for the automotive sector, through policies like tax incentives and low-interest loans, has further encouraged vehicle purchases, which in turn boosts the motor insurance market. This rise in vehicle sales has also led to increased competition among insurers, prompting them to offer tailored policies, attractive premiums, and additional services to attract new customers. As vehicle ownership becomes more widespread, both first-time buyers and seasoned owners increasingly recognize the value of motor insurance for financial protection. This trend

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ensures continued growth for the motor insurance market, as it becomes an essential aspect of responsible vehicle ownership in Thailand.

Rising Road Accidents Across the Region

Rising road accidents across Thailand are a significant driver of the motor insurance market. Thailand has one of the highest road accident rates in Southeast Asia, with traffic-related fatalities and injuries a major concern. As a part of this, as of October 2023, there were over 87,000 road accidents in Bangkok, including almost 82,000 in the Northeastern region. During the same year, about 5,000 people were killed in local road accidents across the country. Thailand leads Southeast Asia in terms of traffic accident casualties and injuries.

As accidents increase, more drivers are recognizing the importance of motor insurance to cover medical costs, property damage, and liability claims. Insurance policies help mitigate the financial burden caused by accidents, ensuring both personal safety and legal compliance. This growing awareness is driving the demand for comprehensive insurance coverage among Thai vehicle owners. The rising number of vehicles on the road, combined with inadequate traffic safety measures in certain areas, means that the risk of accidents remains high. Consequently, this has created a more urgent need for reliable motor insurance options, encouraging both new and existing vehicle owners to invest in policies that offer financial protection in the event of an accident.

Growing Strategy Adopted by Major Players to Strengthen the Motor Insurance Sector

Major players in Thailand's motor insurance market are adopting several strategies to strengthen their presence and meet increasing demand. One key strategy is expanding product offerings, with insurers providing customized plans tailored to specific customer needs. This includes comprehensive coverage, third-party liability, and options for electric vehicles, ensuring that a diverse range of consumers is catered to. As a part of this, as of 2022, AXA and TQM brokers collaborated with Fort Smart Service (Fsmart) to offer inexpensive accident insurance through their transaction kiosk, Boonterm. It aims to reach lower-income customers around the country. The offering offers three plans, with premiums starting at THB 12 per month. Another strategy is leveraging digital transformation. Insurers are enhancing their online platforms and mobile applications, allowing customers to easily compare, purchase, and manage policies. This convenience and accessibility have attracted tech-savvy consumers, particularly in urban areas. Partnerships with automotive manufacturers and car dealerships are also helping insurers reach a larger audience. By offering bundled insurance packages at the point of sale, these partnerships make insurance more accessible for new car buyers. These innovative approaches are designed to attract a broader customer base, increase customer satisfaction, and improve profitability, strengthening the competitive position of insurers in Thailand's rapidly growing motor insurance market.

Key Market Challenges

Rising Premium Rates

Rising premium rates represent a significant challenge for Thailand's motor insurance market. Several factors contribute to the upward trend in premiums, including increasing repair costs, rising claims due to accidents, and higher vehicle repair expenses, particularly as vehicles become more advanced and require specialized parts. Also, the growing frequency and severity of road accidents in Thailand put pressure on insurers to adjust premiums to cover higher payout risks.

Insurers are also facing rising reinsurance costs, which are passed on to customers in the form of higher premiums. Also, inflation and the fluctuating cost of medical treatments add to the financial burden on insurers, necessitating premium hikes to maintain profitability. These rising premiums can deter some consumers, particularly price-sensitive individuals, from purchasing comprehensive insurance coverage. Instead, they may opt for lower coverage plans or forgo insurance altogether, potentially leading to underinsurance or uninsured vehicles on the roads. This, in turn, could have long-term consequences for both consumers and insurers, as it may increase financial exposure to risk. The challenge for insurers is to balance premium increases with competitive offerings while maintaining customer satisfaction and ensuring accessibility to necessary coverage.

Increased Competition Among Major Players

Increased competition among major players is a significant challenge in Thailand's motor insurance market. The growing number of insurers entering the market has intensified the competitive landscape, with both local and international companies vying for market share. To differentiate themselves, insurers are constantly offering new products, better coverage options, and more attractive premiums. However, this price competition can lead to reduced profit margins for insurers, particularly if they attempt to undercut competitors to gain customers. Also, the drive to attract more customers often results in insurers focusing on offering more value-added services, such as quick claim processing, customer support, and personalized policies. While this can improve

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customer retention, it also increases operational costs, making it difficult for smaller players to compete effectively against larger, more established companies. Also, the rise of digital platforms and insurtech solutions has further heightened competition, as these innovations make it easier for consumers to compare and switch providers. As a result, traditional insurers face pressure to adapt to new technologies, streamline their services, and improve customer engagement to stay relevant in an increasingly competitive market. This environment poses a challenge for insurers to balance profitability with customer-centric innovation.

Key Market Trends

Increased Internet Penetration Across the Region

Increased internet penetration across Thailand is a key trend shaping the motor insurance market. With more people gaining access to the internet, especially through smartphones, digital platforms have become an essential channel for both purchasing and managing motor insurance. As a part of this, according to a recent study, as of 2024, Thailand's population share with internet connection is expected to increase by 0.2 percentage points between 2024 and 2029. The internet penetration is expected to reach 98 percent by 2029. Consumers are now able to compare policies, premiums, and coverage options more easily, leading to greater transparency and informed decision-making.

This trend is also driving the growth of insurtech in Thailand, as insurance companies leverage online platforms, mobile applications, and digital tools to streamline processes and enhance customer experiences. Many insurers are now offering online policy purchases, claim submissions, and instant customer support, making insurance more convenient and accessible to tech-savvy consumers. Also, social media and digital marketing are increasingly used by insurers to reach a broader audience and engage with potential customers. Digital advertising allows insurers to target specific demographics and tailor marketing efforts to meet the needs of different consumer segments. With more consumers becoming accustomed to online services, the demand for digital-first insurance solutions is growing. This shift is not only improving customer experience but also driving efficiency and cost-effectiveness within the industry, as insurers embrace the digital transformation to stay competitive in the evolving market.

Growing Demand for Bundled Policies

The growing demand for bundled policies is a notable trend in Thailand's motor insurance market. Consumers are increasingly seeking convenience and cost savings, leading to a rise in the popularity of bundled insurance packages. These bundles typically combine motor insurance with other types of coverage, such as health, home, or life insurance, offering a comprehensive solution that meets multiple needs at once.

For insurers, bundled policies provide an opportunity to cross-sell products and increase customer loyalty. By offering discounts or added value for purchasing multiple policies together, insurers can attract a wider customer base, including both individual vehicle owners and families looking for broader protection. Also, bundled policies simplify the purchasing process for customers, saving them time and effort in managing multiple insurance providers. Car dealerships and financial institutions are also capitalizing on this trend, offering bundled packages at the point of sale or in conjunction with car loans. This not only boosts insurance sales but also enhances customer satisfaction, as consumers appreciate the convenience of handling everything through a single provider. As consumer preferences shift toward more integrated and hassle-free solutions, the demand for bundled policies is expected to continue growing, influencing insurers to innovate and offer attractive, all-inclusive packages in the competitive Thai motor insurance market.

Rising Trend of Customized Policies

The rising trend of customized policies is significantly shaping Thailand's motor insurance market. As consumers become more knowledgeable and discerning, there is a growing demand for insurance policies that cater to individual needs rather than one-size-fits-all solutions. Insurers are responding by offering customizable motor insurance packages that allow customers to select specific coverage options, deductibles, and add-ons based on their preferences, driving habits, and vehicle types. This trend is driven by the desire for more personalized, cost-effective coverage. For example, young drivers or low-mileage vehicle owners may seek policies with lower premiums and coverage that better matches their risk profile. Similarly, owners of luxury or high-performance cars may opt for more comprehensive protection, including higher coverage limits and specialized add-ons like theft protection or roadside assistance. The rise of telematics and usage-based insurance (UBI) is also fuelling the demand for customized policies. With UBI, insurance premiums are based on real-time data such as driving behaviour, mileage, and time on the road, allowing insurers to offer tailored pricing. As consumers increasingly seek more control over their insurance policies, the trend toward customization is expected to continue. This provides insurers with an opportunity to strengthen

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customer relationships and differentiate themselves in a competitive market.

Segmental Insights

Distribution Channel Insights

Agents/Brokers dominated the Thailand Motor Insurance market, serving as the primary channel for policy distribution. These intermediaries play a crucial role in helping customers navigate the complex insurance landscape by offering personalized advice, comparing various policies, and facilitating the purchase process. Many consumers rely on agents and brokers for their expertise in selecting the best coverage options at competitive prices. Despite the rise of digital platforms, agents and brokers remain highly influential, particularly in rural areas or among older demographics, who prefer face-to-face interactions and trust established relationships with insurance professionals.

Regional Insights

Bangkok dominated the Thailand Motor Insurance market, accounting for a significant share of the total premiums. As the capital city and economic hub, Bangkok has the highest concentration of vehicles, including cars, motorcycles, and commercial fleets. The city's rapid urbanization, growing middle class, and high vehicle ownership rates drive demand for motor insurance. As a part of this, according to a recent study as of April 2024, Thailand's Bangkok International Motor Show showed a 27.5% surge in orders, with Toyota (7203.T), opens new tab leading sales, but traditional cars still prevailed, despite electric vehicles gaining momentum. Also, the dense population and high traffic volumes contribute to an increased need for insurance coverage. Insurers target Bangkok's large, diverse consumer base with a wide range of products, leveraging digital platforms and agents to meet the evolving needs of urban drivers.

Key Market Players

- The Falcon Insurance Public Company Limited
- American International Group, Inc.
- FWD Life Insurance Public Company Limited
- Allianz Ayudhya Assurance Public Company Limited
- The Viriyah Insurance Public Company Limited
- AXA SA
- CheckDi Insurance
- Sampo Insurance (Thailand) Public Company Limited
- ERGO Insurance (Thailand)
- MSIG Insurance (Thailand) Public Company Limited

Report Scope:

In this report, the Thailand Motor Insurance Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

□□ Thailand Motor Insurance Market, By Insurance Type:

- o Third Party Liability
- o Comprehensive

□□ Thailand Motor Insurance Market, By Distribution Channel:

- o Agents/Brokers
- o Bank
- o Online
- o Others

□□ Thailand Motor Insurance Market, By Region:

- o Bangkok
- o North East
- o Southern
- o Northern
- o Eastern
- o Western

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o Central

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Thailand Motor Insurance Market.

Available Customizations:

Thailand Motor Insurance Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

☐☐ Detailed analysis and profiling of additional market players (up to five).

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