73:ที่ 27 การประชุมครั้งที่ 75/255 eptember 2012

Ref:

CP 96/2012

From:

Credit Product Department

Via:

1. Khun Chulida Tanpetcharat, Senior Vice President, Head of SME Product and Business

Development Division

2. Khun Yuke Sutarat, Executive Vice President, SME Credit Risk Division

To:

Credit Committee

Subject:

Approval for insurance premium top up for SME-S, M

Background

- Mortgage Reducing Term Assurance (MRTA) is a reducing term life assurance that provides borrowers
 with financial protection in the event of death or total permanent disability. Fire insurance is the
 insurance that is used to cover damage to a property caused by fire.
- Both MRTA and fire insurance are benefit to bank, given that the bank is a beneficiary. MRTA
 mitigates risk to bank in case key persons running the business are dead or permanent disability. Fire
 insurance protects bank's collateral value in case of fire.
- In this regard, providing top up loans for MRTA and fire insurance reduces overall Bank's risk.

Purpose of the request

- 1. Approval for insurance premium top up guideline
- Approval for using the existing DOA to approve top up MRTA loan

Proposed guideline for insurance premium top up

- 1. Insurance premium type allowed for top up:
 - MRTA
 - Fire insurance

2. Target customer:

Any customers requesting new credits.

Note: Both credit with TCG and normal credits (without TCG) are allowed for top up.

3. Financing Conditions:

- The premium shall be financed in form of TL in additional to credit limit approved.
- The premium shall be repaid in installments together with TL limit approved.
- Disbursement of premium portion must be paid directly to the insurance company.
- Top up of the MRTA should be financed and covered for key persons relating to business.
- Maximum top up of premium is 5% of credit limit approved or 500,000 baht (per group of customer)
- Impact on DSCR is very low, so we do not recalculate the DSCR after including the premium loan.
 Note: Impact to DSCR
 - The maximum impact to DSCR after topping up TL premium is minimal. DSCR is estimated to slightly decrease from 1.2X to 1.16X.
 - o Detail of the analysis as per appendix 2.



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Approve for insurance premium top. up for sme-s, m.

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Date of Meeting	£ 1 OCT 2012	
Committees	Signature	
	Approved	Rejected
1.CRO	10 1/2000 /10 =	
2.HCOB	PIM	
3.HSME	Trans.	
4.Mr.Nuttawit	Ow	***
5.Miss Maleewan		*
Comments:		ig g

เรียน ผม. อนทุบบุปปม) **เพื่อโปรดทรา**บและดำเนินการต่อไป

(นายคมกฤช "จันทาใก)

เลขาบุการ กณะกรรมการพิจารณาสินเรื่อ

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4. Example: As per appendix 1.

5. Delegation of Authority (DOA)

- The authority to approve top up MRTA is to apply the following current DOA:
 - a. Lending Program for SME-S Segment (SME Ju Jai) Directive No. 34/2555
 - b. SME S&M Flood Program (SME Big Bag) Directive No. 16/2555
 - c. Authority to approve credit facilities for SME Business Division (Metropolitan) Directive No. 26/2555
 - d. Authority to approve credit facilities for SME Business Division (Provincial) Directive No. 27/2555

Note: When there is change in Directive No. on the above DOA, the authority to approve top up MRTA shall follow remain effective.

Your approval is highly appreciated.

(Peerakit Jirachetthakun)

For Sum

Vice President

SME Product Development Section



PM

Appendix 1: Example for the insurance premium financing

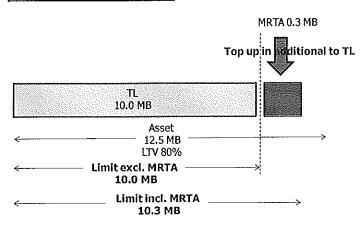
The customer is male with age of 45.

- TL limit is 10 MB. The amount insured is 10 MB. The insured term is 5 years.
- OD limit ranges between 3.5-4.3 MB. The amount insured is 3 MB.

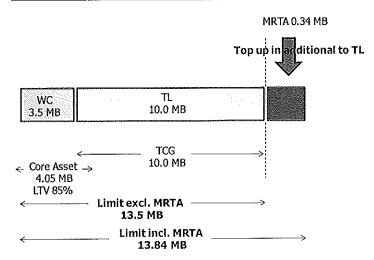
For this case, the MRTA premium is estimated about 0.34 MB described as table below.

Facilities	% Premium	Amount Insured (Baht)	Premium Amount (Baht)
TL	3.1420%	10,000,000	314,200
OD	0.80%	3,000,000	24,000
	Total Premium		338,200

Normal Credit (Asset 12.5 MB)



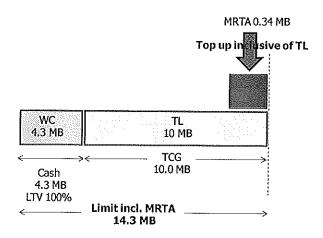
Credit with TCG (3X, Core Asset 4.05 MB)



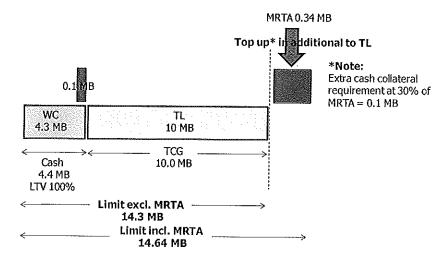
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Credit with TCG (3X, Cash 4.3 MB)

Option A



Option B



Appendix 2: Analysis of the maximum impact to DSCR after the insurance premium top up.

Assumption: The outtomer is male with age of 45.

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Note: 1. The above premium rates are show for proposal only. The actual package premium amount will be computed from premium rate per 1000 sum assured from standard MRTA premium and ADD rider separately.

2. The additional benefit from Accidental Death and Dismemberment coverage is level at 50% of sum assured throughout the coverage term with the maximum 15 years.

Allianz (1) C.P.

Table 4. Premium Rates for OVERDRAFT, PROMISSORY NOTE or LETTER of GUARANTEE - Cash Basis (% Sum Assured)

Death and Total Permanent Disability (Level Sum Assured)

torr					_		
II) Eemale	70700	27470	8.00	0,38%	0.53%	0.83%	1 44%
Wale	0.50%	0.59%	%0% C		1.05%	1.50%	2.31%
Service Service Control of the Contr	20-30	31-40	47.45	48.50	2 1	0 6 0 6 0 6	00-00

The above premium rates are show for proposal only. The actual package premium amount will be computed from premium rate per 1000 sum assured from TERM(Death) premium and TPD endorsement separately. Note: