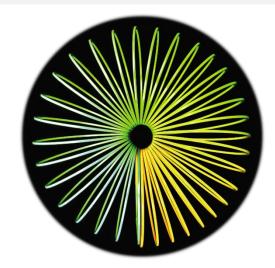
# **Deloitte.** Legal



Thailand | Tax & Legal | July 2021



# Legal Newsletter July 2021

# Cancelling a condition of COVID-19 insurance policy termination

The Office of the Insurance Commission (OIC) announced a Registrar Order No. 38/2564 (2021) on 16 July 2021 Re: Cancellation of the condition for termination stated in COVID-19 insurance policy of the insurance company. According to Section No. 3 of the Register Order, "Section No. 3: Cancel the condition for termination of insurance policy in respect with COVID-19 insurance provided by the insurance company which had been approved by the Registrar and issued to the insured before the announcement of this Register Order and are still in effect". By virtue of Section 29 paragraph two of the Non-Life Insurance Act, B.E. 2535 (1992), regulated that "The form and texts that the Registrar has approved under paragraph one may be amended, changed, added to, or cancelled, whether in whole or in part, by the Registrar's order, upon the Registrar's discretion or the request of the company".

According to such Registrar order, the insurance company cannot cancel COVID-19 insurance policy.

# Ministerial Regulation increases an expense of funeral under the Workmen Compensation Fund up to 50,000 Thai Baht.

The Social Security Office, the Ministry of Labor announced a Ministerial Regulation Re: the rate prescribed for the expense of funeral contributed by the employer B.E. 2564 (2021) by virtue of Workmen's Compensation Act B.E. 2537 amended by Workmen's Compensation Act (No.2) B.E. 2561 (2018) increases the expense of funeral for the employee contributed by the employer from 40,000 Thai Baht up to 50,000 Thai Baht for the employee who suffers from

injuries or sickness causing death as the result of work or protected the benefit to the Employer or the employer' order

or disappearance during working or following the employer's order and there was a reasonable belief that the employee death due to injured causes during working or following the employer's employer become effective since 12 July 2021 afterwards. The Social Security Office shall pay a funeral expense to the person who proves having arranged the funeral on behalf of the employer contributed to the Workmen Compensation Fund in the amount of 50,000 Thai Baht and deem the employer already pays for the expense of the funeral as required by law.

# Guarantee service and Letter of Credit issued by foreign financial institution for loan in Thailand

In the event that a foreign financial institution registered outside Thailand shall issue a Standby Letter of Credit to guarantee a borrower which is a limited company in Thailand for entering into a loan agreement between the borrower and a bank registered in Thailand (lender), it must consider that whether such activities cause or result from any part of business operation become performing in Thailand or not i.e. entering and executing the loan agreement between borrower and lender in Thailand, receiving any interest or any other kind of benefit, performing the provision and condition in the guarantee agreement in Thailand, lawsuit and any other related activities.

Based on the abovementioned condition, the Department of Business Development, Ministry of Commerce has an opinion that the foreign entity is considered as conducting business in Thailand which is subject to List 3 attached to the Foreign Business Act B.E. 2542 (1999). Thus, it must be permitted by the director-general of Department of Business Development, Ministry of Commerce prior to conducting the business.

From this interpretation of the Department of Business Development, although there is no activity or any part of its activities of the foreign financial institution occurred in Thailand. However, as the Standby Letter of Credit to guarantee a borrower will be used in Thailand and the borrower and lender enter and execute the loan agreement in Thailand because of the Standby Letter of Credit. It means that the foreign financial institution performs the business in Thailand. This shall affect many of the business operations.

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