



**EVALUATING THE ADEQUACY OF CAPITAL UNDER RBC FRAMEWORK  
IN THAI LIFE INSURANCE COMPANIES**

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**ABSTRACT**

This paper proposes Fuzzy clustering technique and Discriminant analysis to classify Thai life insurance companies into 2 groups of Solvency and Insolvency. We used 7 financial variables which commonly used in insurance study to classify in 2 categories with the TLAA data sets during 2000-2011. The study found that the ability to predict the Insolvency companies of Fuzzy clustering is lower accurate than Discriminant analysis. According to the Discriminant function, it explains that Total liabilities to Total assets ratio is the most effective on the Insolvency prediction.

*Keywords:* Fuzzy C-mean clustering, Discriminant analysis, Insurance, Risk-based capital framework