

LAW

**ADMENDING AND SUPPLEMENTING A NUMBER OF ARTICLE OF THE INSURANCE
BUSINESS LAW**

*Pursuant to the Constitution of the Socialist Republic of Vietnam in 1992 amended and supplemented a number of articles under the Resolution No.51/2001/QH10;
The National Assembly promulgates the Law on amending and supplementing a number of articles of Law on insurance business No. 24/2000/QH10.*

Article 1. Amending and supplementing a number of articles of Law on insurance business.

1. Amend Clause 19 and Clause 20, Article 3 as follows:

'19. Pension insurance means a class of insurance in case where the insured person reaches a determined age shall be paid insurance money by insurance enterprise as agreed in the insurance contract.

20. Health insurance means a class of insurance in case the insured person is injured, in an accident, illness, disease or health-care is paid insurance by insurance enterprise as agreed in the insurance contract.

2. Clause 1, Article 6 is amended and supplemented as follows:

"1. Organizations and individuals having demands for insurance may only participate in insurance in the insurance enterprise operating in Vietnam, foreign-invested enterprises, foreigners working in Vietnam having demands for insurance may choose to participate in insurance in the insurance enterprise operating in Vietnam or use cross border insurance services.
"

3. Article 7 is amended and supplemented as follows:

"Article 7. The types of insurance operation

1. Life insurance includes:

- a) Whole life insurance;
- b) Endowment insurance;
- c) Term insurance;
- d) Combined insurance;
- e) Recurring paid Insurance;
- f) investment-linked insurance;
- g) Pension insurance.

2. Non-life insurance includes:

- a) Property insurance and damage insurance;
- b) Land, marine, river, railway and air cargo transport insurance;
- c) Aviation insurance;
- d) Motor vehicle insurance;
- e) Fire and explosion Insurance;
- e) Hull insurance and ship-owners 'civil liability insurance;
- g) Liability Insurance;
- h) Credit and financial risk insurance;
- i) Business loss insurance;
- k) Agriculture insurance.

3. Health insurance includes:

- a) Human accident insurance;
- b) Medical insurance;
- c) Health-care insurance.

4. Other insurance operations regulated by the Government.

5. The Ministry of Finance shall issue a list of insurance products. "

4. Article 9 is amended and supplemented as follows

"Article 9. Reinsurance

Insurance enterprises may provide reinsurance for other insurance enterprises, including foreign insurance enterprises; foreign organizations getting reinsurance. Foreign insurance enterprises, foreign organizations getting reinsurance have to reach trust coefficient in accordance with rank of the international trust assessment company as prescribed by the Ministry of Finance. "

5. Article 10 is amended and supplemented as follows:

"Article 10. Cooperation, competition and bidding in insurance business

1. Insurance enterprises, insurance brokerage enterprise may engage in cooperate in reinsurance, co-insurance, damage assessment, settlement of insurance's benefits , precaution and loss limit, human resource development, insurance product development, training and management of insurance agents, sharing information for risk management.

2. Insurance enterprises are able to compete on the conditions, scope, level of responsibility, cost, service quality, and insurance capacity and financial capability.

The competition must be complied with provisions of law on competition and finance safety guarantee of insurance enterprise; the premium rates must be in accordance with the conditions, scope and level of liability insurance.

3. Projects using State capital and assets of State-owned or of State enterprises must make tender on conditions, scope, level of responsibility, cost, service quality, insurance capacity and financial capacity of insurance enterprises.

The bidding must be open and transparent in accordance with this Law and the law on bidding.

4. Strictly prohibit the following acts:

- a) Collusion between insurance enterprises or between insurance enterprise and insurance buyer to divide insurance market, close insurance services;
- b) Unlawful intervention in the selection of insurance enterprises;
- c) Abusing positions and powers in order to assign, require, force, and prevent organizations and individuals engaged in insurance;
- d) Providing untruthful information or advertisement on insurance contents, operation scope and terms, which cause harms to the legitimate rights and interests of the insurance buyers;
- e) Competing for customers by means of obstructing, inducing, buying off or intimidating employees or customers of other insurance enterprises, agents or brokerage enterprises;
- f) Illegal sales promotion;
- g) Other illegal acts in cooperation, competition and bidding"

6. Article 15 is amended and supplemented as follows:

"Article 15. The time of arising insurance liability

Liability of insurance arises when having one of the following cases:

1. Insurance contract has been concluded and the insurance buyer has fully paid premiums;
2. Insurance contract has been signed, including agreements between an insurance enterprise and insurance buyer on insurance buyer owes insurance premiums;
3. Having evidence of the insurance contract concluded and the insurance buyer has fully paid insurance premiums. "

7. Article 59 is amended and supplemented as follows:

"Article 59. The insurance business organizations

The insurance business organizations including:

1. Insurance Joint stock;
2. Insurance limited Liability Company;
3. Insurance Cooperative;
4. Mutual insurance organization. "

8. Amend paragraph 5 of Article 63 as follows:

"5. Organizations and individuals contributing capital to found the insurance enterprise, insurance brokerage enterprise must have sufficient financial capacity and an evidence to prove the legal sources of finance when contributing capital to establish Insurance enterprises."

9. Point g and h, Clause 1, Article 69 is amended and supplemented as follows:

"G) Chairman of the Managing Board, General Director (Director), and calculating expert;

h) Division, separation, merger, consolidation, dissolution, and transform of enterprise, investment abroad. “

10. Point c, Clause 1, Article 86 is amended and supplemented as follows:

c) Having certificate of Insurance agent issued by training institutions that the Ministry of Finance has approved.

The Ministry of Finance regulates on program, content, training form, issuing of insurance agent certificate. “

11. Article 97 is amended and supplemented as follows:

"Article 97. Reserve Fund and insured person protection fund

1. Insurance enterprises, insurance brokerage enterprises must make a mandatory reserve fund to supplement the charter capital and ensure their solvency in cash. Mandatory reserve fund required to be deducted each year by 5% after tax profit. Maximum rate of this fund will be regulated by the Government.

2. In addition to mandatory reserve fund regulated in paragraph 1 of this article, insurance enterprise, and insurance agent can set up the reserve fund from profit after tax of financial year as stipulated in the charter of insurance enterprise, insurance brokerage enterprise.

3. Insured person protection fund was set up to protect the interests of insured person in case of insurance enterprise's bankruptcy or illiquidity.

The resource to set up insured person protection fund is established by the percentage on the premium applicable to all insurance contracts.

The Government provides for the establishment, management, and use of insured person protection fund.”

12. Article 105 is amended and supplemented as follows:

"Article 105. Form of operation

1. Insurance enterprises, foreign insurance brokerage enterprise are permitted to operate in Vietnam under the following forms:

a) Limited liability insurance company, limited liability insurance brokerage company;

b) Branch of foreign non-life insurance enterprise.

2. Insurance enterprises, foreign insurance brokerage enterprise provides cross border insurance services as stipulated by the Government.

3. Insurance enterprises, foreign insurance brokerage enterprise is able to locate representative office in Vietnam. Representative office is not allowed to make insurance business in Vietnam. "

13. Article 108 is amended and supplemented as follows:

"Article 108. Competence for licensing

The Ministry of Finance grant establishment and operation licenses for insurance enterprises, insurance brokerage enterprise with foreign capital investment, branch of foreign non-life insurance enterprise, licenses for locating representative offices of insurance enterprises, and foreign insurance brokerage enterprises in Vietnam. “

14. Paragraph 4 of Article 120 is amended and supplemented as follows:

"4.To supervise insurance business activities through professional activities, financial status, enterprise administration, risk management and the law observance of insurance enterprises, insurance brokerage enterprises; to apply measures so that insurance enterprise ensure financial requirements and perform commitments to insurance buyer; "

15. Article 122 is amended and supplemented as follows:

"Article 122. Specialized inspection for insurance business

1. State management agency on insurance business shall perform the function of specialized inspection for insurance business.
2. Organization and operation of specialized inspection for insurance business in accordance with provisions of this Law and laws on inspection. "

16. Supplement of Clause 3 Article 127 as follows:

"3. Training certificate of insurance agent have been issued before the effective date of this Law is still valid for use, it is not to make procedures to converter into certificate of insurance agent."

Article 2

1. This Law takes effect from July 01, 2011.
2. The Government shall detail and guide the articles and clauses in Law assigned; guide other necessary content of this law to meet requirements of state management.

This law was adopted by the seventh National Assembly of Socialist Republic of Vietnam, at its session 8, on November 24, 2010.

CHAIRMAN OF NATIONAL ASSEMBLY

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