



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly

No. 78/NA

Vientiane Capital, date 29 November 2019

Law
on Insurance
(Amended Version)

Part I
General Provision

Article 1 (Amended) Objective

This law determines the principles, regulations and measures regarding insurance supervision and the monitoring-inspection of, to ensure accurate, effective, efficient, stable and safe conduct, assure a growing, modern, fast, transparent and just sector that focuses on protecting the rights and benefits of the insurer, insurance buyer, reducing risk to the national financial system, encourages society and people to use insurance, and is able to integrate with the region and internationally, and contribute to national socio-economic development.

Article 2 (Amended) Insurance

Insurance is the management of the risk that may occur to the insurance buyer or the insured who has paid the premium for which the insurer must pay the compensation as agreed in the insurance policy.

Article 3 (Amended) Explanation of Terms

The terms used in this law have the meaning as follows:

1. **Insurer** refers to the insurance company and reinsurance company, which is one of the financial institutions, that is established and operates the business in line with this law and the other relevant laws of the Lao PDR;
2. **Insurance buyer** refers to the individual, entity or organization that creates an insurance policy with the insurer and pays a complete premium as per policy. The insurance buyer may be an insured or a beneficiary;
3. **Insured** refers to the individual, entity or organization that has the property, public liability or life risk that obtains the insurance accurately and in line with the insurance policy. An insured may be a beneficiary;

4. **Beneficiary** refers the individual, entity or organization that has been chosen by the insurance buyer to receive the compensation as specified in the insurance policy;
5. **Personal insurance policy** refers the insurance policy of life, health and personal accident;
6. **Property insurance policy** refers to the insurance policy of property brought to be insured;
7. **Public liability insurance policy** refers to the insurance policy relating to the responsibility the insurer has with a third party that has been damaged by the insurance buyer during the insurance period;
8. **Premium** refers to the amount of money the insurance buyer has to pay the insurance company as specified in the insurance policy;
9. **Compensation** refers to the damage compensated value that the insurer has to pay to the insurance buyer or beneficiary as specified in the insurance policy;
10. **Actuary (insurance mathematician)** refers a calculating person with insurance mathematic qualifications that has expertise in calculating insurance premiums, compensation, assessing the risk and the financial impact from uncertainties in the present and events that may happen in the future of the insurer;
11. **Company in the group** refers to the company in which the insurer holds a share, which enables them to vote, from fifty per cent and above;
12. **Business consolidation** refers to the agreement between two or more enterprises, by transferring all legitimate assets, rights, obligations and benefits and consolidating them together, to become the originally existing or new enterprise;
13. **Micro-insurance** refers to the insurance services that meet the insurance demand for people with low incomes, who are disadvantaged, and/or live in remote areas.

Article 4 (Amended) Government Policy on Insurance

The government encourages, promotes the insurance work by issuing legislation, supplying data-information and other facilities in order to develop an insurance sector that is modern, growing, strong, stable and widely available throughout the country.

The government places importance on, and promotes the operation of the insurance business regarding life insurance, micro-insurance, agricultural insurance, forestry insurance, animal farming insurance, and other insurance that contributes to the national socio-economic development.

The government protects the rights and righteous benefits of the insurance buyer, insurer and other related individual according to the law of the Lao PDR.

Article 5 (Amended) Principles on Insurance

The performance of the insurance work is to comply with the following principles:

1. In line with policy direction, constitution and law;
2. Managing centrally and uniformly, nationwide;

3. Maintaining the stability and safety of the insurance sector and national financial system;
4. Ensuring the risk management and ability to clear debts;
5. Ensuring fairness, accuracy, completeness, promptness, instant, transparency, inspectability;
6. In line with the international treaties and agreements that the Lao PDR is a party to.

Article 6 Scope of Law Application

This law is for the individual, entity or organization both domestic and international that are associated with insurance in the Lao PDR.

Article 7 International Cooperation

The government promotes foreign, regional and international cooperation on insurance through the exchange of technical lessons, technical expertise and information-news, human resource development in order to develop the sector and to comply with the international treaty and agreement that the Lao PDR is a party to.

Part II Insurance and Reinsurance

Article 8 (Amended) Types of Insurance

The insurance consists of two types as follows:

1. Life insurance;
2. Non-life insurance.

Each of the insurance comprises with reinsurance.

Section 1 Life Insurance

Article 9 (Amended) Life Insurance

Life Insurance is insurance that insures the risk to life of the insurance buyer or the insured for the lifetime, or term specified in the policy.

Article 10 (New) Life Insurance Product Group

The life insurance products consist of three groups classified according to the attribute of life insurance as follows:

1. The life insurance product that does not pay a dividend is life insurance that the insurance buyer receives life coverage according to the policy but will not receive the dividend from the business operation of the life insurance company;
2. The life insurance product that pays a dividend is life insurance that the insurance buyer receives both life coverage and the dividend from the business

operation of the life insurance company according to the term and amount of money specified in the life insurance policy;

3. The life insurance product consolidated with the investment is life insurance that provides life coverage and invests part of the premium in which the insurance buyer can choose the investment channel according to the policy set forth by the life insurance company.

Article 11 (Amended) Model of Life Insurance Product Group

Each life insurance product group may have product models as follows:

1. Permanent life insurance is the life time risk insurance of the insured at the time of death in which the life insurance company must pay the compensation to the beneficiary as specified in the life insurance policy;

2. Term life insurance is insurance of risk to the insured's life for a term in which the life insurance company must pay compensation to the beneficiary in the case where the insured dies within the term specified in the life insurance policy;

3. Funds accumulation life insurance is insurance of risk to the insured's life at the time of death or alive for the term in the policy in which the life insurance company must pay the compensation to the beneficiary in the case where the insured dies within the term specified in the life insurance policy or must pay the compensation in the case where the insured is alive when the term in the policy is due;

4. Post-retirement life insurance is insurance of risk to the insured's life at the time of death before retirement age or alive when the retirement age is due in which the life insurance company must pay the compensation to the beneficiary in the case where the insured dies before retirement age or must pay the compensation in the case where the insured is alive when the retirement age is due;

5. Other life insurance models approved by the Ministry of Finance.

Section 2

Non-life insurance

Article 12 (Amended) Non-life Insurance

Non-life insurance is insurance that insures the risk to property, public liability to the third party and other insurance that is not life insurance.

Non-life insurance consists of the following:

1. Voluntary insurance;
2. Compulsory insurance.

Article 13 (Amended) Voluntary Insurance

Voluntary insurance is insurance that the individual, entity or organization voluntarily buys where they have the right to choose the type, scope or insurance limit of the coverage as per insurance models issued by the insurer.

Article 14 (Amended) Compulsory Insurance

Compulsory insurance is insurance that the individual, entity or organization with or without an address in the Lao PDR must buy to cover public damages to life and property of the third party.

The list that must buy compulsory insurance is as follows:

1. Engine powered vehicles on the road, by land, waterway, and by air;
2. Hotel, guesthouse, entertainment venue, fancy restaurant, restaurant, market enterprise;
3. Transportation of goods and passengers by land, water and air;
4. Construction site;
5. Hydro-power project;
6. Warehouse, chemical storage, fuel storage, explosive element storage;
7. Workshop, factory;
8. Bomb production plant and storage;
9. Other compulsory insurance.

The details on compulsory insurance relating to a third party are specified in a separate regulation.

Article 15 (Amended) Type of Non-life Insurance Product

Non-life insurance products consist of the following models:

1. Motor insurance;
2. Transport insurance;
3. Fire insurance;
4. The other insurance, mainly, property insurance, construction insurance, accident insurance, health insurance, financial and credit risk insurance, business damage insurance, agricultural insurance, animal farming insurance, tragedy and disaster insurance.

Section 3 Reinsurance

Article 16 (Amended) Reinsurance

Reinsurance is the share of risk that the company undertakes, to reinsure with another insurance company in the country or overseas in line with the insurance business operation principles as specified in the relevant law.

The insurance company must be responsible for paying the compensation of the part that has been reinsured to the insured or beneficiary in the case where the reinsurance company is unable to compensate.

Article 17 (Amended) Reinsurance Method

Reinsurance has methods as follows:

1. Able to operate the reinsurance with one or more company by sharing the risk that has been insured to a reinsurance company;

2. Able to undertake the reinsurance of any part of the insured risk.

Article 18 Reinsurance Principle

The insurer can reinsure with a reinsurer in country, or overseas, to reduce risk and share the responsibility in compensating the insured for damages incurred in line with the relevant laws of the Laos PDR and internationally. The insurer must supply the information on a reinsurance policy and other information to the Ministry of Finance in order for the ministry to monitor, supervise and inspect.

Article 19 (Amended) Reinsurance Conditions

Reinsurance has conditions as follows:

1. Technically feasible in the licensed insurer's business field;
2. In line with the situation of the business operation of the reinsurer;
3. Having gained the confidence of others in the insurance field, market, in the country, overseas, regionally and internationally. Having financial stability and having experience on reinsurance.

In the case where the Ministry of Finance found the reinsurance does not meet the above determined conditions, it has the right to announce the cancellation in writing or propose an adjustment of the reinsurance or disapprove the reinsurance arrangement.

Article 20 (Amended) Reinsurance Responsibility

The insurer has a responsibility to the insurance buyer according to the insurance policy including in the case of reinsurance of property.

The reinsurance company can require the insurance buyer to pay the premium directly to them, except where the policy states otherwise.

The insurance buyer cannot require the reinsurance company to pay them the compensation, except where the policy states otherwise.

Part III Insurance Policy

Article 21 Insurance Policy

The insurance policy is the agreement between the insurance buyer and insurer in which the insurance buyer must pay the premium and the insurer must pay the compensation to the insurance buyer or insured in the case damages incurred.

Article 22 (New) Type of Insurance Policy

There are 3 types of insurance policy:

1. Personal insurance policy;
2. Property insurance policy;
3. Public liability insurance policy.

Each type of insurance policy that has the insurance goal in Lao PDR must only be arranged with an insurer that has permission to establish and operate the business in the Lao PDR.

The Ministry of Finance determines the regulations regarding each type of insurance policy.

Article 23 (Amended) Contents of Insurance Policy

The insurance policy contents are as follows:

1. Name and surname, address of both contract parties;
2. Specification of person or property being insured;
3. Type of risk that needs to be covered;
4. Date and time when the risk coverage begins and the age of the contract;
5. Insurance coverage limit;
6. Premium and payment method;
7. Method and condition for notifying of damages incurred;
8. Condition for the policy annulment, loss of rights and termination of insurance policy before due term;
9. Dispute resolution;
10. Other contents according to the agreement of the parties and according to the specification in the relevant law and regulations.

Article 24 (Amended) Effectiveness of Insurance Policy

The insurance policy will be effective only when the insurer receives the insurance request from the insurance buyer, has been supplied with the relevant information completely and the premium is paid, as agreed in the policy.

Article 25 Term of Insurance Policy

Each insurance policy must have a precise term and that term is extendable based on the agreement of the contract parties.

Article 26 Revision of Insurance Policy

The insurance policy can be revised only when there is an agreement between the contract parties. The revision will be effective only when the insurer recorded such revision into the policy or issues the attached document to the insured.

Article 27 (New) Suspending and Cancellation of Insurance Policy

The insurer has the right to suspend or cancel the insurance policy if the insurance buyer for behavior as follows:

1. Intentionally supplying false information to arrange the insurance policy or to receive compensation;
2. Did not supply information to the insurer according to the content specified in Article 23 of this law.

The insurance buyer also has the right to suspend or cancel the insurance policy in the case where the insurer do not comply with the policy.

Furthermore, if suspending or cancellation the insurance policy, the provisions in the civil law codes are to be applied.

Article 28 (Amended) Change of Risk Level

If there is a change to the risk level or a factor that causes the base of the premium calculation to reduce, the insurance buyer has the right to request to the insurer to reduce the premium for the remaining time of the insurance policy. If the insurer will not reduce that premium the insurance buyer has the right to cancel the insurance policy but must notify the insurer in writing as specified in the insurance policy. Also copy the notification letter for the Ministry of Finance.

If there is a change to the risk level or factor that causes the base of the premium calculation to increase, the insurer has the right to recalculate the premium for the remaining time of the insurance policy. In the case where the insurance buyer will not pay the increased premium the insurer has the right to cancel the insurance policy but must notify the insurance buyer in writing as specified in the insurance policy. Also copy the notification letter for the Ministry of Finance.

Article 29 Termination of Insurance Policy

The insurance policy will be terminated in the cases as follows:

1. The insurance policy is expired without any term extension;
2. One of the contract parties violated the insurance policy or did not comply with agreed conditions;
3. Insured property has been lost or damaged;
4. Both contract parties agree to cancel the insurance policy voluntarily;
5. The insurance buyer intentionally distorts, conceals, hides the objective of the insurance;
6. The court decides that the insurance policy is annulled or the insurer is declared bankrupt.

Article 30 (Amended) Term of Compensation Claim

A compensation claim is to be conducted within the 3 years term from the date the insured event occurred in the case where the term was not specified in the policy. An unforeseeable circumstance or incidental occurrence is not counted in the term of compensation claim.

In the case where the insurance buyer did not know the date the event occurred as specified in paragraph one of this Article, the term will be counted from the date the insurance buyer made the acknowledgement.

In the case where the third party requests the insurance buyer to compensate the damage that is insured according to the insurance policy, the term is to be counted from the date the third party makes a request.

Article 31 (Amended) Compensation Payment

The insurer must pay the compensation on the terms agreed in the insurance policy. In the case where the term is not specified in the policy the insurer must pay

the compensation within fifteen days from the date a complete and accurate set of documents regarding the request for compensation payment is received.

Article 32 (Amended) Age of Litigation

The litigation due to disputes on the insurance policy is to be conducted within the three year period from the date the dispute occurred. The age of the case will be adjourned according to cases specified in the civil law codes.

Article 33 (Amended) Transfer of Insurance Policy

The insurance policy transfer is the transfer of insurance policy responsibility between insurers according to the insurance policy that has one or more insurance product models based on the agreement of the insurer and insurance buyer.

Article 34 (Amended) Conditions of Insurance Policy Transfer

The insurance policy transfer is to comply with conditions as follows:

1. Must be the same insurance product model;
2. Rights and obligations specified in the insurance policy are not to be changed throughout the term of the insurance policy;
3. The insurer that receives the transfer of the insurance policy must have the financial stability and reserves as specified in Article 10 of this law.

Part IV

Insurance Business

Section 1

Insurance Business Operation

Article 35 (New) Insurance Businesses

The insurance business is a business operation regarding life insurance or non-life insurance including reinsurance.

“Article 36 (Amended) Request for a License to Operate Insurance Business

Those who have the objective to operate an insurance business in the Lao PDR must submit an application for investment permission and register according to the Investment Promotion Law and Enterprise Law. Next, proposing to the Ministry of Finance to consider issuing the business license according to regulation.

In relations of business operation, the insurer is allowed to operate one type of insurance business only.”

Article 37 (Amended) Form of Insurance Business

The insurance business must be executed in the form of public company and company limited except for the sole trading company limited.

Article 38 (Amended) Conditions for Insurance or Reinsurance Business Operation

Those who have the objective to operate the insurance or reinsurance business must meet the conditions as follows:

1. Have good business operation history;
2. Have registered capital and guaranteed funds as specified in Article 39 and 41 of this law;
3. Have a manager who has the knowledge, capability, technical expertise and insurance related qualifications;
4. Have the personnel with knowledge, technical competence, and an insurance related diploma or certificate;
5. Have an appropriate office, headquarters for the insurance business operation;
6. Have never been judged by the court for any intentional economic wrongdoing;
7. Have a five year business operational plan and annual plan with complete detailed information;
8. Meet other conditions as specified in the law.

Article 39 (Amended) Registered Capital

The registered capital for the operation of the insurance and reinsurance business can include money and property according to the Enterprise Law.

The registered capital of the insurer that must be in money form which has the minimum levels as follows:

1. Thirty billion kip for a life insurance business;
2. Thirty billion kip for a non-life insurance business;
3. Sixty billion kip for a life reinsurance business;
4. Sixty billion kip for a non-life reinsurance business;

During the insurance business operational period the insurer must maintain the registered capital in money form not less than minimum level as specified above.

Regarding the registered capital in property form, those properties must be used in the operation of the insurance business and must be valued by an assets assessment company according to the agreement from the Ministry of Finance.

Registered capital in property form includes real state and/or chattels in Lao PDR.

The government can change the registered capital but not less than minimum level specified above.

Article 40 (Amended) Fee and Service Charge

The operator of an insurance business and insurance related business must pay fees and service charges according to the rate specified in the regulations.

Article 41 (Amended) Guaranteed Funds

Prior to starting the business the insurer must place the guaranteed funds in the ratio of twenty per cent of the registered capital, which is the minimum fund, in the form of a deposit to the commercial bank or the guarantee from a commercial bank that has stable financial status and is situated in Laos PDR.

The insurer can withdraw or use the mentioned guaranteed funds but must obtain approval from the Ministry of Finance.

Article 42 (Amended) Usage of Guaranteed Funds

The insurer has the right to request to use the guaranteed funds and assets deposited with the commercial bank for their debt payments when there is a termination.

In the case where there is interest received from the guaranteed funds deposited with the commercial bank, the insurer can use the interest from the guaranteed funds.

Article 43 (New) Change of Shareholding

In the case where there is a change of shareholding in the insurance and reinsurance company causing the existing shareholders to own only five per cent of the entire shares, then the insurer must propose the change to the Ministry of Finance to consider.

Article 44 (New) Business Consolidation

The insurer can consolidate the business with another business as specified in the Enterprise Law to continue to operate the insurance business according to resolutions of shareholders and with approval of the Ministry of Finance.

Prior to approving the consolidation, the Ministry of Finance must coordinate with the Committee for Business Competition Control to issue the dissemination notification regarding the business consolidation proposal to inform the public through social media. The dissemination expenses are the responsibility of the proposed insurer. The notification must specify that the insurance buyer or stakeholder can oppose the business consolidation within thirty days after the dissemination of the notification.

Resolutions regarding the business consolidation must be disclosed, to the public, at the Ministry of Finance and at headquarters of each business consolidated party and allowed external inspection within fifteen working days from the date the document is disseminated.

The Ministry of Finance will approve the consolidation only when the company that will emerge after the consolidation meets the right conditions and is in line with insurance and reinsurance business operation conditions as specified in Article 38 of this law.

Article 45 (Amended) Insurance Related Business

The insurance related business consists of the following:

1. Insurance representative;

2. Insurance broker;

Besides the business specified in this Article, there are other businesses such as risk management, damage prevention and limitation, damage assessment service, insurance fund and investment management, insurance actuarial service.

Section 2

Suspending and Revoking of Insurance Business Operation Permit

Article 46 (New) Suspending of Insurance Business Operation

The insurance business operation will be suspended in any of these cases as follows:

1. Operated a business in the manner that affects the rights and benefits of the insurance buyer and of society;
2. Have not operated the insurance business within one hundred and eighty days from the date the business operation permit is received;
3. Operates a business that is not in line with the laws and regulations;
4. Withdrew the registered capital and guaranteed funds incorrectly as specified in Article 39 and Article 41 of this law;
5. Did not maintain the minimum levels of the debt payment ability according to the regulations;
6. Did not comply with the specified regulation on insurance reserve maintenance;
7. Formulated the financial report that was not in line with the actual business operation;
8. Did not comply with a court decision or did not compensate for incurred damages without enough reasons within ninety days from the date court decisions is absolutely effective.
9. Did not maintain the business operation condition completely as specified in this law.

The insurer can propose to suspend the business operation voluntarily based on the approval from the Ministry of Finance.

When there is a suspension of the insurance business operation, the Ministry of Finance must notify the insurer regarding the suspension with reasons in writing.

The procedure for the suspension of the business operation is specified in a separate regulation.

Article 47 (New) Insurance Policy Transfer Order

The Ministry of Finance may order for the insurance policy transfer when found that:

1. The insurer cannot pay the debt when the term is due;
2. The insurer cannot maintain the level of the debt payment ability according to the regulations;

3. The insurer's performance causes the damage to the rights and benefits of the insurance buyer and creditor.

In the case where there is a transfer of the insurance policy, the Ministry of Finance will order the insurer to transfer a proportion or all of the policy that the company receives to the other insurance company or arrange to reinsure a proportion or all with the reinsurance company according to the initial conditions created when the insurer made the contract with the clients.

Article 48 (New) Taking Control of Insurer

After the insurer is suspended from the insurance business operation and/or is ordered to transfer policies but still it is unable to solve the pending issues, the Ministry of Finance will take control of such insurer.

In taking control of the insurer, the Ministry of Finance will carry out as follows:

1. Taking control directly or designating the individual who has the knowledge, capability and experience to take control of the insurer including the assets of the company;
2. Designating one or more individual that has the capacity to assist the Ministry of Finance in supervising and managing the insurer using the company budget;
3. Suspending rights and duties of the executive council and board of directors of such insurer;

The taking control of the insurer will end when the Ministry of Finance notifies in writing that the pending issues have been resolved.

When taking control is carried out but the insurer still cannot pay the debt or does not maintain the level of debt payment ability, the Ministry of Finance will propose to the court for legal consideration.

Article 49 (New) Notification of Insurance Policy Transfer Order and Taking Control of Insurer

Prior to ordering for the insurance policy transfer and/or taking control of the insurer, the Ministry of Finance must notify in writing to inform the insurer at least five working days in advance.

Article 50 (Amended) Revoking of Insurance Business Operation Permit

The insurance business operation permit will be revoked in any of these cases as follows:

1. The suspended insurer as per cases specified in Article 46 of this law that remains unresolved;
2. The insurer violates the law;
3. The shareholder of fifty per cent and more of the insurance or reinsurance company has been declared bankrupt or the permit of other businesses has been revoked;

4. The business operation of the insurer in the first five years has not been according to the business plan that was submitted for the business operation permission and without sufficient enough reasons.

In the case such an insurance business operation permit is revoked, the permit issued to branches of such insurer will also be revoked.

When there is a revoking of an insurance business operation permit, the Ministry of Finance must notify the insurer in writing with reasons.

Article 51 (Amended) Proposing to Reconsider the Revoking of Permit

The insurer has the right to propose to the Ministry of Finance to reconsider the revoking of the permit within fifteen working days from the date the notification is received.

In the case where the Ministry of Finance did not consider within thirty days from the date the proposal is received, the insurer also has the right to propose to a higher authority to consider within thirty days from the date the proposal is received. If the insurer is still not satisfied, they have the right to file a lawsuit with the people's court according to the laws.

Section 3

Termination, Bankruptcy and Payment of Insurance Business

Article 52 (New) Termination

The insurer will be terminated in any of these cases as follows:

1. Request to terminate their business voluntarily according to the resolution of shareholders;
2. Have violated the relevant laws and/or regulations and have not carried out any corrective measure for the violation;
3. Received their establishment permission based on the supply of false information;
4. Cannot operate the business in accordance with the specified five-year business plan in the first three years and have made a loss three consecutive years without sufficient reasons;
5. Have been terminated as specified in the Enterprise Law and other relevant laws.

Article 53 (New) Bankruptcy

The Ministry of Finance has the right to ask the court to rule that the insurer who is in crisis situation is a bankrupt in the case that the insurer is unable to recover or has performed the recovery but still cannot continue to operate the insurance business.

Article 54 (New) Payment

After the termination or the court ruled out bankruptcy, the Ministry of Finance will set up the payment committee.

In the case where the insurer terminated voluntarily and is able to pay all debt by themselves, the Ministry of Finance will assign the insurer to carry on with the payment themselves but there will be a close monitoring.

Article 55 (New) Payment Committee

The payment committee consists of persons from the Ministry of Finance and the other relevant sections from both the public and private sectors as specified in the relevant laws.

Article 56 (New) Rights and Duties of Payment Committee

The payment committee has the rights and duties as follows:

1. Performing duties on behalf of the director and shareholders of the insurer in debt payment;
2. Carrying out the insurer's business termination procedures;
3. Controlling the office, accounting books, records and assets of the insurer and the companies in the group;
4. Dissolving the insurer's contracts that were made in error;
5. Protecting from damage of the insurer's assets;
6. Clearing the assets of the insurer;
7. Registering lists of creditors, debtors, and assets; establishing a summary of insurer's assets correctly and then send copies to the Ministry of Finance as well as publishing them through the social media;
8. Determining the amount to be paid according to the priority;
9. Determining the plan, method and model for the payment of assets, debts to present to the Ministry of Finance to consider;
10. Reporting to the Ministry of Finance regarding the payment progress regularly;
11. Using other rights and performing other duties as specified in the law.

Article 57 (New) Payment Priority

The payment is to comply with the priority level as follows:

1. Payment arrangement expenses;
2. Salary and wages of the staff, except the directors of the insurer;
3. Repaying the insurance buyers;
4. Debts that have a guarantee according to the contract;
5. Financial obligation to the state;
6. Debts that do not have a guarantee;
7. Dividend for the shareholders of the insurer.

The payment arrangement expenses for each priority is specified in the separate regulation.

Article 58 (New) Effect of Payment Takeover

The effects of a payment takeover consist of the following:

1. The right of the insurer that specified in the law or contract that is ended and is ending must be extended for another six months from the date the payment committee entered to perform the duty;
2. The sequestration of assets of the insurer during the payment period will be cancelled, except in the case where the sequestration happened six month before the date the Ministry of Finance asked in writing for the court to rule the bankruptcy;
3. The right of the shareholders will be cancelled, except the right to allocate the remaining assets after the payment.

Article 59 (New) Final Report of Payment Committee

After the payment operation is accomplished the payment committee must formulate the final report for the Ministry of Finance. Regarding the court decision on bankruptcy, the payment committee must also send the report on bankruptcy to the relevant court decision enforcement organization to close the case.

Once the Ministry of Finance received the report, the responsibility of the payment committee will be finished.

Part V

Insurance Representatives and Brokers

Section 1

Insurance Representatives

Article 60 (Amended) Insurance Representatives

The insurance representative is an individual or entity who received the permission from the insurer based on the representative obligations to operate the insurance business that is in line with this law and the other relevant laws.

The insurer must submit the list of representatives under their responsibility to the Ministry of Finance to register and then issue the representative card.

Only the individual or entity who received the insurance representative card from the Ministry of Finance has the right to perform the duty as insurance representative in the Lao PDR.

The representative registration must be extended annually and the fee is paid completely according to the time schedule specified by the Ministry of Finance.

The Ministry of Finance will dissolve the registration and revoke the insurance representative card of the representative that violates the representation prohibitions, regulations, or does not perform the duties specified in Article 62 of this law and will notify the insurer and representative in writing.

Article 61 (Amended) Conditions of Insurance Representatives

The insurance representative must have conditions as follows:

1. For an individual:

- Be a Lao citizen that resides in the Lao PDR;
- Be eighteen years old or older;
- Have a training certificate for insurance representatives issued by the insurance company or relevant organization;
- Have never been judged by the court for any intentional wrongdoing.

2. For an entity:

- Be an enterprise established correctly;
- Have the insurance sales personnel and staff with conditions the same as for an individual representative.

The insurance representative supervision is specified in the separate regulation.

The individual or entity whose card is revoked or denied a card extension because they did not perform according to their duties, violated the insurance prohibitions or regulations will not be permitted to undertake any insurance business for 2 years.

Article 62 (Amended) Rights and Duties of Insurance Representatives

The insurance representative has the rights and duties as follows:

1. Only sell the insurance products of the insurer that they represent and have received permission in Lao PDR;
2. Issue the insurance policy according to the permission of the insurer that they represent;
3. Request for the documents from the clients to fill the insurance buying request form to complete the insurance selling procedures;
4. Explain the important information correctly and accurately regarding the insurance product being offered for sale;
5. Notify the premium of the product being offered for sale to the clients;
6. Collect the premium from the clients to send to the insurer according to the specified term;
7. Assist and facilitate the insurance buyers, compensation claimants or beneficiaries in carrying out the compensation claim procedures from the insurer;
8. Receive the commission from the insurer;
9. Using other rights and performing other duties as specified in the law.

Article 63 (Amended) Responsibilities of Insurance Representatives

In the case where the representative violates the representative obligations that causes damage to the rights and benefits of the insurance buyer and/or insured, the insurer must be responsible directly for the damage incurred by the representatives and the representatives must be responsible to repay the compensation, to the insurer, according to the amount the insurer has paid.

Section 2

Insurance Brokers

Article 64 (Amended) Insurance Brokers

The insurance broker is an entity that has been established according to the Enterprise Law and has received permission to be an insurance broker from the Ministry of Finance.

Article 65 (New) Conditions of Insurance Brokers

The insurance broker must have conditions as follows:

1. Have a business registration;
2. Have the registered capital and guaranteed funds in place completely as specified in the regulations;
3. Have been certified regarding the insurance knowledge and experience from a section that the Ministry of Finance has acknowledged;
4. Have meet other conditions as specified in the regulation on insurance broker supervision.

Article 66 (Amended) Rights and Duties of Insurance Brokers

The insurance broker has the rights and duties as follows:

1. Receive protection according to the laws;
2. Present comments regarding the insurance business operation to the Ministry of Finance;
3. Operate the insurance broker business with honesty;
4. Keep the confidentiality of the insurer and the insurance buyers that they service;
5. Be responsible for damages incurred, due to their own improper actions, to the insurer and the insurance buyer;
6. Suggest the insurance products of the insurers in Lao PDR;
7. Be assigned in writing by the clients as the representative to coordinate with the insurer and notify to inform the clients when the insurance policy is effective;
8. Receive service charges;
9. Explain the important specifications and conditions that the insurance policy will cover to build the understanding of the clients regarding the insurance product that they will buy;
10. Give instructions to the clients regarding the conditions and procedures relevant to a compensation claim;
11. Supervise and monitor all of their staff to ensure that they perform according to the standard specified in the relevant regulations;
12. Report the data of insurance brokering business operation quarterly and annually to the Ministry of Finance.

Article 67 (New) Suspending and Revoking of Insurance Broker Permit

The suspending and revoking of the insurance broker permit can be processed if found:

1. The information included in the documents requesting for the insurance broker permission is false;
2. The insurance broker has not been carrying out the insurance broker business for the past one year without reporting to the Ministry of Finance to request for a temporary closure;
3. The insurance broker do not comply with the regulations set forth by the Ministry of Finance.

Part VI

Finance, Accounting and Information on Insurance Business

Section 1

Finance, Accounting and Reporting

Article 68 (Amended) Finance and Accounting

The insurer and insurance broker must have the financial and accounting system as specified in this law, Accounting Law and the other relevant laws of the Lao PDR.

Article 69 (Amended) Reserve

The insurer, insurance broker and insurance representatives that are the entity must establish the reserve as specified in the Enterprise Law to ensure the business operation and their business expansion.

Article 70 (Amended) Insurance Reserve

The insurance reserve is the fund that the insurer deducts from the premium according to the regulations of the Ministry of Finance to maintain a debt payment capacity and to comply with expenses that may incur, mainly, compensation as per insurance policy, service charges, and other expenses regarding the insurance.

The insurance reserve must be sufficient enough to comply in full with the obligations to the insurance buyer, insured and beneficiary of the insurance.

The calculation method and amount of the insurance reserve is specified in the separate regulations.

Article 71 (Amended) Insurer's Assets Management

The insurer has the right to invest their assets based on the agreement of the shareholders, but must ensure the safety, efficiency and the regular compensation payment capacity according to the insurance policy

The insurer can invest the assets in Lao PDR in the areas as follows:

1. Buy government bonds, bonds and shares of enterprises;
2. Deposits with commercial banks or other financial institutions;
3. Invest in other areas with approval from the Ministry of Finance.

The scope, amount, type and model of the investments are specified in separate regulations.

Article 72 (New) Insurer's Debts Building

The insurer must request permission from the Ministry of Finance for the borrowing of money, debt payment guarantee, a contract arrangement as a debt payment guarantor, or when taking financial responsibility for other people.

Article 73 (New) Assets That Are Not Permitted For the Other People to Use

The assets of the insurer will not be available for other people to use, bring to use as a guarantee or to pawn, except for when they have received permission from the Ministry of Finance and in the scope that is allowed.

If the assets of the insurer were brought to conduct as stated in paragraph one of this Article, the value of the insurer's assets will be reduced according to the value of the assets that were given to the other people to use, bring to use as a guarantee or to pawn.

Article 74 (Amended) Debt Payment Ability

The debt payment ability is an indicator assuring the business stability and liquidity in compensation payment matters. The insurer must maintain a level of debt payment ability as specified in the regulations of the Ministry of Finance to ensure the sufficiency for debt payment throughout the business's operational period.

Article 75 (New) Inspection

Each year the insurer must be inspected by a legitimate independent inspection company in order to:

1. Certify the accuracy and completeness in the accounting system as specified in the law;
2. Certify the accuracy and completeness of the financial reporting documents;
3. Certify the accuracy and completeness of the internal supervision as well as to provide guidance on corrective measures;
4. Certify the implementation of the problem-solving for the violation of the insurer that the Ministry of Finance has found and notified the insurer;
5. Report to the Ministry of Finance regarding any violation of laws of the insurer or any action that may affect the stability of the insurer.

The Ministry of Finance determines and acknowledges the list of independent inspection companies that are established legitimately to ensure quality, ethics and independence of those companies.

The insurer must hire the independent inspection company according to the acknowledged list to perform the inspection of their company.

The independent inspection company has an obligation to cooperate and supply the information to the Ministry of Finance according to the law.

Article 76 (New) Usage of Insurance Mathematician

The insurer must use the insurance mathematician to calculate premiums, insurance reserve estimation, level of debt payment ability, formulate the insurance mathematic report and to perform other tasks as specified in the law.

The standard, conditions of the insurance mathematician are specified in separate regulations.

Article 77 (Amended) Financial Reporting Documents

The insurer and insurance broker must comply with the financial reporting regulations as specified in the Accounting Law and relevant regulations of the Ministry of Finance.

Besides regular reporting, the insurer and insurance broker must also send the financial reporting documents to the Ministry of Finance in the case as follows:

1. There was a new event that occurred to the business operation;
2. The insurer and insurance broker cannot comply with their financial obligations;
3. There is a proposal requesting specific information from the Ministry of Finance.

Article 78 (New) Disclosure of Financial Information

The insurer must disclose their financial information through their website or other channel that the public can access and must have the appropriate mechanisms to notify their clients every time when have a disclosure of financial information as well as report to the Ministry of Finance.

The financial information subjected to disclosure consists of the following:

1. Quarterly report according to the regulations of the Ministry of Finance;
2. Annual report and comments of the audit company on that report according to the regulations of the Ministry of Finance;
3. Other information that will assist the public to be able to see the stability status of the insurer.

In the case where the insurer has a company in the group, the disclosure must cover the information of their company in the group for the public to see the policy overview, business plan and management, including the financial reporting documents of the company in the group.

Section 2 Insurance Business Information

Article 79 (New) Insurance Business Information

The insurance information is the financial, accounting and other information of the insurer.

Article 80 (New) Maintenance of Insurance Business Confidential Information

The Ministry of Finance must strictly maintain the confidentiality of information that will affect the insurer's business operation except in the case as follows:

1. Disclosure to the relevant state organizations responsible for supervision of and/or law enforcement;
2. The information is derived from the insurance survey.

Article 81 (New) Disclosure of Insurance Business Information

To ensure the information that the insurer provided is not disclosed prior to receiving the permission as specified in Article 80 of this law, the Ministry of Finance will arrange an official or unofficial contract for information disclosure by cooperating with the relevant state organizations.

The Ministry of Finance will arrange the official or unofficial contract on behalf of the government of Lao PDR to disclose the information by cooperating with the foreign government representatives which is responsible for financial institutions supervision.

Part VII

Rights, Obligations of Insurer and Insurance Buyer

Article 82 (Amended) Rights and Obligations of Insurance and Reinsurance Company

The insurance company has the rights as follows:

1. Collect the premium according to the insurance policy;
2. Propose to the insurance buyer to supply accurate and complete information in order to arrange a contract and to issue the insurance policy;
3. Suspend or cancel the insurance policy with inaccurate and/or incomplete information;
4. Refuse to pay compensation that is not specified in the conditions of the insurance policy;
5. Demand the information from the relevant section in order to consider the compensation payment;
6. Demand the money from the third party who are the cause of damages;
7. Use the rights as specified in the insurance policy, relevant laws and regulations.

The insurance company has the obligations as follows:

1. Clearly explain to persons who buy the insurance regarding conditions, rights and obligations of the insurance buyer;
2. Arrange the insurance policy with the insurance buyer;
3. Pay the compensation according to the insurance policy to the insured or beneficiary accurately and completely;
4. Notify the reasons in writing regarding compensation payment refusal;

5. Be active in coordinating with the insurance buyer to ensure promptness and transparency in order to facilitate a compensation payment;
6. Comply with customs, tax and other obligations as specified in law;
7. Be responsible in addressing the damages incurred promptly;
8. Supply the information relating to the insurance policy accurately and completely, explain the conditions, contents of the insurance policy to the insurance buyer;
9. Maintain the confidential information that the insurance buyer has supplied to them;
10. Perform other obligations as specified in the insurance policy, relevant laws and regulations.

The rights and obligations of the reinsurance company are specified in the reinsurance policy.

Article 83 (Amended) Rights and Obligations of Insurance Buyer

The insurance buyer has the rights as follows:

1. Ask the insurer to explain the insurance policy, conditions and arrange the insurance policy;
2. Suspend or cancel the insurance policy in the case where the insurer supplies inaccurate information according to insurance policy;
3. Require the insurer to pay the compensation according to the policy;
4. File a complaint on the performance of the insurance representatives, insurance brokers and the insurer in writing;
5. Receive the benefits completely according to the insurance policy;
6. Seeking justice, communicate to the insurer in writing and if not resolved, a request can be submitted to the Ministry of Finance and a lawsuit for the court to consider;
7. Use the other rights as specified in the insurance policy, relevant laws and regulations.

The insurance buyer has the obligations as follows:

1. Pay the premium according to the policy;
2. Notify the insurer promptly regarding the losses or damages that are covered after they are realized not later than five days or as specified in the insurance policy;
3. Supply accurate information to assist with the assessment of the risk that will become the burden of the insurer at the time of the insurance policy arrangement;
4. Supply additional information that will result in the increase of risk to let the insurer know as specified in the insurance policy;
5. Supply the information that relates to the insurance clearly, accurately and completely;
6. Perform other obligations as specified in the insurance policy, and other relevant laws and regulations.

Part VIII

Prohibitions

Article 84 Prohibitions for Insurance Officers

Prohibiting the insurance officers from behaving as follows:

1. Use their position to gain personal benefit from the insurance business;
2. Use their rights and position outside the frame of their responsibility that causes damages to the benefits of the state, public or the righteous benefits of the people;
3. Neglect their duties and responsibilities on insurance works that the authority has assigned them to;
4. Disclose the confidential information of the state and government on insurance work without receiving their permission;
5. Falsify insurance documents;
6. Operate or participate in the operation of insurance business of any kind;
7. Have other behaviors that violate the law.

Article 85 (Amended) Prohibitions for Insurers, Insurance Representatives and Insurance Brokers

Prohibiting the insurers, insurance representatives, and insurance brokers from behaving as follows:

1. Destroy evidence-information, conceal income and hide wrongdoings relating to insurance;
2. Bribe or reward, conspire with other people for benefit;
3. Refuse and avoid a resolution regarding compensation claims;
4. Falsify receipts, invoices and other documents;
5. Defame, threaten, or physically assault an insurance officer;
6. Openly/knowingly hide the facts regarding the contents, scope of execution, conditions of insurance that affect the benefit to be received of the insurance buyer;
7. Compete for customers by blocking, bribing, threatening the insurance officer, insured, insurance representative and other insurance broker;
8. Give inappropriate compensation to the clients irrespective of the facts and create an inappropriate competition;
9. Reduce the premium to lower than the issued specification of the Ministry of Finance;
10. Copy the insurance product without receiving the permission of the copyright owner;
11. Execute life insurance and non-life insurance business at the same time for an insurer;
12. Operate other types of insurance business, sell or arrange the another insurance policy that has not been permitted;

13. Have other behaviors that violate the law.

Article 86 (Amended) Prohibitions for Individuals, Entities or Other Organizations

Prohibiting an individual, the entities or other organizations from behaving as follows:

1. Use the position outside the frame of their rights, use violence, falsely use other people's name to threaten the insurance staff and officers to seek personal or partisan benefits regarding insurance;
2. Operate the insurance business without receiving permission;
3. Use the name of or letter interpretation or abbreviation with words regarding insurance particularly, the insurer, insurance representative, insurance broker, insurance advisor without receiving permission from the Ministry of Finance;
4. Hinder the performance of the insurance staff and officers;
5. Refuse to supply information, cooperate in concealing and supporting the insurance business operators to not pay the state obligations;
6. Have other behaviors that violate the law.

Part IX

Management and Inspection of Insurance

Section 1

Management of Insurance

Article 87 (Amended) Insurance Supervision Organization

The government supervises the insurance work centrally and uniformly nationwide by assigning the Ministry of Finance as the directly responsible unit and leader in coordination with the relevant ministries, organizations and local authorities.

Article 88 (Amended) Rights and Duties of the Ministry of Finance

In supervising the insurance work, the Ministry of Finance has the rights and duties as follows:

1. Research, formulate policy, strategic plans and law regarding insurance and to then propose for the government to consider;
2. Expand the policy, strategic plan and law regarding insurance into the plan, work plan and/or project and implement;
3. Advertise, disseminate and train subject to the policy, strategic plan, law and other legislation regarding insurance;
4. Build the knowledge on insurance for the society and to promote the development of the insurance market;
5. Direct, monitor, inspect and encourage the implementation of the technical, law and other legislative work regarding insurance;

6. Build, maintain, promote, supervise, and engage the staff-civil servants regarding insurance;
7. Coordinate with the relevant ministries, organizations and local authorities to supervise, monitor and inspect insurance work;
8. Consider designating, moving, closing the position, allocating, rewarding, disciplining the staff-civil servants responsible for the insurance work;
9. Participate in the negotiation of agreements relating to insurance;
10. Monitor and inspect the insurance business operation and application of measures to the insurer, insurance representative and insurance broker that violate the law and regulations;
11. Issue, suspend or revoke the insurance business operation permit of the insurer, insurance representative, insurance broker and insurance related businesses;
12. Accept and consider to resolve the proposal, dispute of the individual, entity regarding insurance that is in line with the law;
13. Supply the information and prevent financial crime, money laundering and the financing of terrorism in the insurance sector according to the law;
14. Cooperate with the foreign nations regionally and globally regarding insurance;
15. Summarize and report on the performance of the insurance supervision duty to the government regularly;
16. Use the rights and perform other duties as specified in law.

Section 2

Insurance Inspection

Article 89 Insurance Inspection Organization

The insurance inspection organization is comprised of:

1. The internal inspection organization that is the same organization as the Ministry of Finance as specified in Article 87 of this law;
2. The external inspection organization is the National Assembly, Provincial People's Assembly, State Inspection Authority at each level and State Audit Organization.

Article 90 (Amended) Rights and Duties of Internal Inspection Organization

The internal inspection organization has the rights and duties as follows:

1. Inspect the performance of duties and responsibilities of the insurance staff and officers at each level in complying with the laws, resolutions, orders and other relevant legislation, working method model, technical knowledge to ensure greater efficiency and effectiveness of the organization and execution of works;
2. Inspect the insurer, insurance representative and insurance broker according to the goal regarding the formulation of the insurance business execution plan, calculation, collection of premium and insurance service charges.

Article 91 Rights and Duties of External Inspection Organization

The external inspection organization has the rights and duties to inspect the implementation of the insurance law and regulations according to their roles, rights, duties and responsibility; inspect the execution of works of insurance officers strictly particularly on phenomena, rumor of the society and lawsuits of the individual, entity and other organizations to ensure that the insurance work is effective, transparent and just.

Article 92 Inspection Model

The inspection model is as follows:

1. Regular Inspection;
2. Inspection with advance notification;
3. A surprise inspection.

The regular inspection is the inspection that is conducted regularly according to the plan and is scheduled.

The inspection with advance notification is the inspection out of the scheduled plan when found necessary in which case the inspected party must be notified in advance.

The surprise inspection is the sudden inspection in which the inspected party will be not be notified in advance.

Article 93 (New) Technical Inspection

The technical inspection is an inspection conducted by the Ministry of Finance that consist of the following:

1. Documents inspection;
2. On-site inspection.

Article 94 (New) Documents Inspection

The Ministry of Finance must conduct document inspections continuously by collecting and analyzing reports, all documents and information/data regarding the execution of the insurer's work as well as inspect the accuracy of the information and assess the situation, risk aspect and internal control of the insurer.

Article 95 (New) On-site Inspection

The insurance officer must conduct an on-site inspection at the insurer's office regarding the execution, actual internal situation and stability maintenance of the insurer.

The on-site inspection consists of key contents as follows:

1. General business operation;
2. Implementation of stability maintenance regulations of the insurer;
3. Risks, risk management and internal control systems;
4. Resolution of pending issues of the insurer in implementing suggestions specified in the previous assessment results.

After completing the inspection, the insurance officer must submit the on-site inspection summary to the Ministry of Finance and the executive council of the inspected insurer.

Article 96 (New) Rights and Duties of Insurance Officers

1. The insurance officers are the staff designated by the Minister of Finance to perform duties regarding the insurance inspection.

The insurance officer has the rights and duties as follows:

2. Enter the premises of the insurer in office hours without notifying in advance and be able to acquire the information of the insurer particularly on assets, log-books, records, bank books and the other related documents;

3. Inspect places of the insurer to seek money, assets, log-books, records, bank books and the other related documents;

4. Open or order to open the safe (safe box) or container suspected to be a place where money is stored, assets, log-books, records, bank books and the other related documents of the insurer;

5. Inspect and make copies of documents regarding assets, log-books, records, bank books and the other related documents of the insurer and make a detailed list before moving the mentioned objects in order to conduct the inspection;

6. Ask the insurer to explain the information recorded in the log-books, records, bank books and the other related documents;

7. Record the list in detail of the confiscation of assets, log-books, records, bank books and the other related documents of the insurer that will be the evidence regarding violations or non-compliance issues;

8. Keep the confiscated objects for the entire proceedings period of the case;

9. Summarize the inspection report to the government regularly;

10. Use the rights and perform other duties as specified in law.

In the inspection, the insurance officer will conduct, based on the testimony of the insurer and the other people involved or use to be involved, with the insurer either directly or indirectly and must keep the record of testimony of that person as the evidence.

The mentioned person must supply the information regarding assets, log-books, records, bank books and the other related documents including their relationship with the insurer when the insurance officer needs.

Part X

Policies¹ for Contributors and Measures for Violators

Article 97 Policies for Contributors

¹ Translator's note: 'policy' in this context means reward.

The individual, entity or organization that has outstanding performance in the implementation of this law will receive the appreciation or other policy according to the regulations.

Article 98 (Amended) Measures for Violators

The individual, entity or organization that violates this law causing damage to the benefits of the state, society or rights and righteous benefits of the insurer and insurance buyer will be educated, warned, disciplined, fined, made to pay public damages and compensation or penalized for criminal offences depending on the lightness or heaviness of the case.

Part XI
Final Provisions

Article 99 Implementation

The government of the Lao People's Democratic Republic is the implementer of this law.

Article 100 (Amended) Effectiveness

This law is effective after the President of the Lao People's Democratic Republic issues the promulgation decree and publishes the official gazette for 15 days.

The insurer that operates an insurance business before this law must improve so that they are in line as specified in this law within three years from the date this law is effective.

This law replaces the Insurance Law No. 06/NA, dated 21 December 2011.
Any specification, provision that contradicts this law will be abolished.

President of the National Assembly