

## **Insurance Law (Amended Version)**

### **PART I GENERAL PROVISIONS**

#### **Article 1      Objectives (new)**

This Law determines principles, regulations and measures regarding the organization, operation, management, monitoring and inspection of insurance activities to ensure that an insurance business operates properly, fairly and effectively with the aim of protecting legitimate benefits of the insurers and policyholders, protecting the state and common interests, ensuring public security and order, and contributing to social-economic development.

#### **Article 2      Insurance (new)**

Insurance is the management of risks on various hazards that may occur to the insured who has paid an insurance premium to the insurer for compensation by insurance annuity as agreed in an insurance contract.

#### **Article 3      Definitions (new)**

Terms used in this Law have the following meanings:

1. **Insurance Business** refers to activities of the insurer operating a business to insure risks on assets and lives of individual and legal entities, creating jobs in the economic system provided that the insurer accepts risks that may occur with the insured on the basis that the insured shall pay an insurance premium to enable the insurer to have reserve funds to pay for indemnity or damages to the beneficiary in accordance with provisions as stipulated in the insurance contract in case any damage occurred;
2. **Re-Insurance Business** refers to activities of the insurer who carries out risk management on general insurance to be reinsured with a reinsurer within the country or in a foreign country;
3. **Insurer** refers to an insurance company established and operated in accordance with the provisions of this Law and provisions of other related laws;
4. **Policyholder** refers to an individual, legal entity or organization that makes an insurance contract with the insurer and pays an insurance premium in

full amount as defined in the contract. At the same time, the policyholder may be the insured or beneficiary;

5. **Insured** refers to an individual, legal entity or organization whose properties are at risk, civil liability or life that buys insurance in accordance with the insurance contract. At the same time, the insured may be the beneficiary;
6. **Beneficiary** refers to an individual or legal entity chosen by the policyholder to receive an indemnity or insurance annuity as determined in the insurance contract;
7. **Insurance Premium** refers to the agreed amount that the policyholder shall pay to the insurance company and by the agreed methods made between both parties in the insurance contract;
8. **Endowment Insurance** refers to a kind of insurance related to the life of the insured within a specified time, given conditions that the insurer shall pay the amount that is the benefit at the full term of the insurance contract to the beneficiary and if the insured is still alive until the full term as agreed in an insurance contract;
9. **Life Insurance** refers to a kind of life insurance related to the death of the insured during the specified time period, under conditions that the insurer shall pay an insurance indemnity to the beneficiary provided that the insured dies during the period agreed to in an insurance contract;
10. **Mixed Life Insurance** refers to a kind of life insurance that combines capital accumulation insurance and life insurance together;
11. **Whole Life Insurance** refers to the insurance of risks for the entire life of the insured at the time of death based on the conditions made between the insurer and the policyholder under conditions that the insurer shall pay indemnity to the beneficiary at the time that the insured dies;
12. **Annuity Insurance** refers to an insurance product related to the life of the insured throughout the specified time under the conditions that the insurer shall pay the indemnity on the installments to the beneficiary in accordance with the periods defined in the insurance contract;
13. **Withdrawal of Money in Accordance with the Contract** refers to the amount remaining from the deduction from the insured amount and costs occurred, when the policyholder paid the insurance premium for a certain period of time and then canceled the contract for which the policyholder [then] has the right to a withdrawal as provided in the contract;
14. **Accident and Disaster Insurance** refers to a kind of general insurance involving risks on properties, civil liability and other kinds of insurance other than life insurance;
15. **Indemnity** refers to the amount of compensation for damages that the insurer shall pay to the policyholder or beneficiary in accordance with the scope defined in the insurance contract; 16. **Sum Insured** refers to the maximum insured amount that the policyholder and insurer agree to in the contract.

#### **Article 4      State Policy on Insurance (new)**

The State promotes domestic and foreign individuals, legal entities and organizations to invest or participate in insurance business operations such as the establishment of an insurance company, agent, broker and representative office with customs and tax incentives according to the laws and regulations.

The State protects the legitimate rights and benefits of policyholders and parties involved in insurance business operations equally under the laws of Lao PDR.

The State encourages the development of the insurance market to provide insurance to cover the health, life and property of people to contribute to the national social-economic development.

The State promotes all Lao citizens to use different types of insurance services in accordance with the laws and regulations.

#### **Article 5      Insurance Principles (new)**

The operation of insurance activities shall be implemented in accordance with the following main principles:

1. Ensuring centralized and uniform State management throughout the country;
2. Ensuring the growth of production, business and investment;
3. Ensuring justice, transparency, accuracy, completeness and accountability;
4. Facilitating insurers and policyholders as parties involved in insurance business operations;
5. Appropriately coordinate with other relevant sectors [to encourage] highly effective insurance business management and to contribute to social-economic development.

#### **Article 6      Scope of Application of Law (amended)**

This Law applies to both domestic and foreign individuals, legal entities and organizations operating an insurance business, policyholders, beneficiaries and other individuals and legal entities that are involved in insurance activities and applies to property and those required by laws and regulations to buy compulsory insurance.

#### **Article 7      International Cooperation (new)**

The State has an open relationship and cooperation with foreign countries, regions and the world with respect to insurance through the exchange of techniques, information and professionalism, the seeking of assistance, human resource development and other areas, and complies with and implements requirements in international agreements or treaties to which the Lao PDR is a party.

## **PART II**

### **INSURANCE**

#### **Article 8      Types of Insurance (new)**

There are two types of insurance:

- Life insurance;
- General insurance.

#### **Article 9      Life Insurance (new)**

Life insurance is insurance that is related to insuring the risk for the entire life of the policyholder or insured upon death.

#### **Article 10      Categories of Life Insurance (new)**

Life insurance includes the following categories:

- whole life insurance;
- endowment insurance;
- mixed life insurance;
- annuity insurance; and,
- term life insurance.

Additional categories of life insurance can be determined on the basis of the approval of the Ministry of Finance, if necessary.

#### **Article 11      General Insurance (new)**

General insurance is an insurance of property and civil responsibility for a third party and other insurance that is not life insurance.

There are two types of general insurance:

- compulsory insurance;
- voluntary insurance.

#### **Article 12      Compulsory General Insurance (new)**

[Compulsory general insurance applies to the following] Individuals, legal entities and business units in all sectors conducting temporary or permanent business activities with permanent residency in Lao PDR, including land transport that run with engines, hotels, guesthouses, entertainment venues, restaurants, owners of markets, construction sites, warehouses, chemical warehouses, fuel [flammable liquid] warehouses, explosive substance warehouses, factories, land, water and air transportation of goods and passengers, fire and places for producing and storing explosive substance.

Detailed regulations on compulsory general insurance are defined separately.

**Article 13     Voluntary General Insurance (new)**

Voluntary general insurance is an insurance where the policyholder is eligible to select the category, scope or sum insured by the insurer.

**Article 14     General Insurance**

General insurance consists of the following:

- accident insurance [and treatment of injured people from an accident];
- health insurance;
- property insurance;
- goods and transit goods by land, water and rail, and air transport insurance;
- aviation insurance;
- transport running with engines insurance;
- fire and explosive object manufacturing site insurance;
- state asset insurance;
- financial and credit risk insurance;
- business risk insurance; - agriculture and forestry insurance; and,
- accident and disaster insurance.

Additional categories of general insurance can be determined on the basis of the approval of the Ministry of Finance, if necessary.

**PART III**  
**RE-INSURANCE**

**Article 15     Re-Insurance (new)**

Re-insurance is insurance that involves the allocation of risks for general insurance that the insurance company (insurer) re-insures with another domestic or foreign insurance company (called re-insurer) in accordance with insurance principles as provided in related laws and regulations for which the insurer shall be responsible for the payment of indemnity or compensation for damages of the portion that is re-insured to the insured or beneficiary in case that the reinsurer is insolvent.

Re-insurance shall be suitable to business operation situations of the insurer who shall fulfill all requirements, is reliable to the domestic, regional and international insurance market, [is] financially stable and has full experience in the re-insurance business.

**Article 16      Form of Re-Insurance (new)**

Re-insurance includes the following methods:

1. reinsurance can be made with one or more insurance companies by distributing the insured risk to the re-insurer;
2. part or whole of insured risks can be re-insured.

**PART IV**

**INSURANCE BUSINESS OPERATIONS**

**Chapter 1**

**Establishment and Operation of Insurance Business**

**Article 17      Establishment and Operation of Insurance Business (amended)**

Anyone wishing to establish and operate an insurance business in Lao PDR shall file an application form through the one-stop service of the Planning and Investment sector as provided in the Law on Investment Promotion .

**Article 18      Types of Insurance Business (amended)**

The type, form and kind of the establishment of insurance business in Lao PDR shall comply with the Law on Investment Promotion and Law on Enterprise.

**Article 19      Scope of Insurance Business Operation (amended)**

Insurance business operation has the following scope:

1. insurance business, re-insurance business;
2. risk management, loss protection and elimination;
3. loss assessment;
4. loss assessment agent, loss compensation settlement agent and agent responsible for loss compensation claim from a third party;
5. fund and investment management; and,
6. other activities as defined under the laws of Lao PDR.

**Article 20      Requirements for the Establishment of an Insurance Business (amended)**

An individual or legal entity wishing to establish an insurance business shall fulfill all requirements as follows:

1. has good background on business operation;
2. has registered capital and security deposit as determined in Articles 21 and 24 of this Law;
3. has competent managers who have passed insurance studies;

4. has competent personnel with a certificate or degree in insurance;
5. has never been imprisoned as a result of intentional economic offenses; and,
6. has an office or building that is suitable for operating an insurance business.

**Article 21 Registered Capital and Working Capital (amended)**

The registered capital of an insurance company shall be not less than sixteen billion kip.

During the operation of business, the insurance company shall maintain the level of [total] registered capital not less than the level of capital as defined in the above paragraph [even if the levels of individual shareholders may change].

The government can change the minimum registered and working capital in each period but shall not be less than the amount defined in the above paragraph.

**Article 22 Application for a License to Operate an Insurance Business (amended)**

Both a domestic and foreign individual and legal entity fulfilling all requirements is eligible to file an application to operate an insurance business to the Planning and Investment Sector in accordance with the laws and regulations of Lao PDR.

The [time] period for processing the application for the operation of an insurance business, including notification of the approval, shall be within forty- five working days from the date that the application is received.

**Article 23 License Fee (amended)**

The insurance business operator shall pay a fee for the issuance of a license for the establishment and operation of an insurance business in accordance with the laws and regulations of Lao PDR.

**Article 24 Security Deposit (amended)**

The insurance business operator shall deposit a security of one third of registered capital for each type of insurance at any commercial bank that has financial stability established in the territory of Lao PDR and this shall be reported to the Ministry of Finance.

**Article 25 Right to Approve the Establishment and Operation of an Insurance Business (amended)**

The Ministry of Planning and Investment is eligible to issue a license for the establishment and operation of an insurance business in accordance with the agreement and proposal of the Ministry of Finance.

The Ministry of Finance shall define specific regulations and procedures for issuing an insurance business license.

#### **Article 26      Withdrawal of an Insurance Business License (amended)**

An insurance business license will be withdrawn according to each case when the insurer does not comply with the requirements or violates the prohibitions as follows:

1. cannot fulfill the requirements as provided in this Law;
2. cannot timely implement measures as provided in the effectiveness improvement plan of the company;
3. seriously violates regulations related to the implementation of obligations that are still valid;
4. does not operate insurance business activities after receiving a license as defined in Article 25 of the Law on Investment Promotion.

Once the license of an insurance company is withdrawn, a license of its branch established in Lao PDR shall also be withdrawn.

The withdrawal of a license or suspension of operation of an insurance company shall be made through a written explanation to such company.

#### **Article 27      Request for Consideration to Rescind the Withdraw of Approval (amended)**

The insurer is eligible to request to the Ministry of Finance to reconsider the decision on the withdrawal of a license within fifteen working days from the date of receipt of such decision by providing strong reasons. If the Ministry of Finance does not make a decision within thirty working days from the date of receipt of the request for reconsideration, the insurer is eligible to request to the Government for consideration. The Government shall make a decision not later than sixty working days from the date of receipt of the request. If the insurer is not satisfied with the decision of the Government, it is eligible to take this case to the People's Court according to the laws and regulations.

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## **Chapter 2**

### **Joint-Venture Insurance Company and Insurance Broker**

#### **Article 28      Kind or Type of Investment (amended)**

An insurance company and insurance broker wishing to operate as a joint-venture insurance company with a foreign investor is eligible to operate under the kind or type of investment determined in the Law on Investment Promotion and Law on Enterprise.

#### **Article 29      Application for the Establishment and Operation of a Foreign-Owned Insurance Company (amended)**

Any foreign insurance company and insurance broker wishing to establish and operate an insurance business in Lao PDR shall file application documents through the one-stop service for approval as defined in the Law on Investment Promotion.



**Article 30     Requirements for the Establishment of a Foreign Representative Office (amended)**

The establishment of a representative office of a foreign insurance company shall fulfill the following requirements:

1. has experience in operating insurance business for at least five years;
2. has contacted the concerned authority of the Government of Lao PDR for [documentation purposes].

In addition, the establishment of a representative office shall comply with Article 47 of the Law on Investment Promotion.

**Article 31     Right to Issue a License (amended)**

The Ministry of Planning and Investment shall issue a license for the establishment of the representative office of a foreign insurance business based on the technical agreement from the Ministry of Finance in accordance with the laws and regulations of Lao PDR.

**Article 32     Application for the Establishment and Operation of a Joint-Venture Insurance Business and Insurance Broker (amended)**

In addition to provisions defined in Articles 20, 21, 22, 23 and 24 of this Law, the application for establishment and operation of a joint-venture insurance company or insurance broker shall include the following documents:

1. charter and license for the establishment and operation of an insurance business by the partner;
2. Agreement to establish a joint-venture company (if a joint-venture);
3. Balance sheet and annual financial report for the last three years of the partner certified by an independent auditor;
4. Letter of appointment of the managing director in Lao PDR;
5. Full name and CV of the founder, partners and directors of the enterprise requesting for establishment;
6. The first five-year plan of insurance business operations.

**Article 33     Application for Establishment of a Representative Office (new)**

The application for establishment of a representative office of a foreign insurance company in Lao PDR shall include the following documents:

1. application for establishment of a representative office;
2. a copy of the license of the foreign insurance company issued in the country where the head office is located;
3. balance sheet and annual financial report for the last three years of the foreign insurance company or insurance broker certified by an independent auditor;

4. a letter of appointment for a representative office manager in Lao PDR;
5. full name and CV of the representative office manager in Lao PDR;
6. Certification letter of a foreign insurer or insurance broker and activities related to associations and other organizations of Lao PDR.

**Article 34      Period and Fee for the Issuance of a License and Notification of the  
Scope of Business Operation (new)**

The period and fee for issuing a license and notification of the scope of business operation relating to the insurer and insurance broker that run a joint- venture with a foreign insurance company and the representative office of a foreign insurance company shall be implemented as determined in Articles 22 and 23 of this Law.

**Article 35      Scope of Business Operation (amended)**

The scope for operating an insurance business and insurance broker that has a partnership with foreigners shall comply with the provisions of Article 19 of this law.

The representative office of a foreign insurance company shall comply with Article 47 of the Law on Investment Promotion.

**Article 36      Withdrawal of a License (amended)**

A license of a foreign insurer or foreign insurance broker established in Lao PDR shall be withdrawn if the license of its head office in the foreign country is withdrawn.

A license of a representative office of a foreign insurance company shall be withdrawn if the license of its head office in the foreign country is withdrawn.

In addition, such license will also be withdrawn if the foreign insurer or insurance broker or representative office violates the laws and regulations of Lao PDR.

## **PART V INSURANCE CONTRACT**

### **Chapter 1**

#### **Principles Of Insurance Contract**

**Article 37      Insurance Contract (amended)**

Insurance contract is an agreement made between the policyholder and insurer under conditions that the policyholder shall pay insurance premium and the insurer shall pay indemnity or compensate for damages to a policy holder or the insured in case damages occur. Each type of insurance contract made by the insured in Lao PDR shall be made only with an insurer registered and operating in Lao PDR.

Types of insurance contract are:

1. Personal insurance contract;
2. Property insurance contract;

3. Civil liability insurance contract.

**Article 38 Main Contents of an Insurance Contract (old)**

An insurance contract has the following main content:

1. names and surnames, addresses of the contracting parties;
2. persons or property insured;
3. types of risks insured against;
4. commencement date of insurance against risks;
5. sum insured;
6. insurance premium and payment methods;
7. methods and requirements for notifying damages occurred;
8. period of validity of the insurance contract and guarantee;
9. wording that indicates the invalidity of insurance contracts, the loss of rights and termination of a contract prior to its expiration;
10. methods of dispute settlement.

**Article 39 Effectiveness of the Contract (amended)**

An insurance contract shall be effective only if the insurer received a request letter from the insured that includes a request letter for [to buy] insurance, health certificate, and additional notice that the insured has signed and has paid the first installment of premium which enables the insurer to agree to make and issue a contract. A request letter for insurance is not binding between the insured and insurer. Only the insurance certificate or protection record shall make a binding relationship between insured and insurer.

**Article 40. Insurance Certificate**

An insurance certificate is a contracting document that determines general conditions. An insurance contract shall be enforceable only when general conditions are agreed upon by both parties which is evidenced by an insurance certificate issued by the insurance company after the policyholder paid the insurance premium.

An insurance certificate shall be made in writing that is easy to read and in the Lao language, if necessary it can be made additionally in a foreign language. When it is needed to add or change the content in an insurance certificate, the parties shall make an additional contract.

**Article 41 Period of an Insurance Contract (amended)**

Any type of an insurance contract shall determine the period [covered by the insurance contract] and it can be extended upon an agreement of contracting parties.

**Article 42 Amendment of Insurance Contract (amended)**

An insurance contract can be amended only when an agreement is made between contracting parties.

The amendment shall be effective only when the insurer has recorded the amendment in the contract or issued an attached document.

**Article 43 Termination of an Insurance Contract (amended)**

An insurance contract is terminated in any of the following cases:

1. insurance contract expires without extension;
2. any contracting party violates the insurance contract or does not fulfill the requirements agreed upon;
3. the insured properties disappear or are destroyed;
4. contracting parties agree to cancel the insurance contract voluntarily;
5. the policyholder has intentionally lied or hidden the person/property to be insured;
6. the court makes a decision that the insurance contract is void or the insurance company is bankrupt.

**Article 44 Providing Information [for an Insurance Contract] (new)**

The insurer shall be responsible for providing full information related to an insurance contract, and to explain the conditions and contents of an insurance contract to the policyholder. The policyholder shall also be responsible for providing full information related to the insurance, [including] clarifications and details of the information [to the insurer]. The insurer shall keep the information provided by the policyholder confidential.

Insurer is eligible to suspend or cancel the implementation of an insurance contract and collection of insurance premium if the policyholder does the following actions:

1. intentionally provides false information aiming to reach an insurance contract and collect insurance money or insurance annuity;
2. does not provide information to the insurer as determined in Articles 38 and 39 of this Law.

If the insurer intentionally provides false information, the policyholder is eligible to suspend or cancel the implementation of the insurance contract received, and the insurer shall compensate for damages occurred from such false information provided.

**Article 45 Changing of Risk Level (new)**

If there are any changes to risk factors that decrease the basis for the calculation of an insurance premium, the policyholder is eligible to request the insurer to reduce the insurance premium for the remaining period of the insurance contract. In case the insurer disagrees to decrease such insurance premium, the policyholder is eligible to cancel the insurance contract but shall inform the insurer in writing immediately and send a copy of the notice to the Ministry of Finance.

If there are any changes to risk factors that increase the basis for the calculation of an insurance premium, the insurer is eligible to recalculate the insurance premium for the remaining period of the insurance contract. In case the policyholder rejects payment of the additional insurance premium, the insurer is eligible to cancel the insurance contract

unilaterally, but shall make a notification in writing to the policyholder immediately and send a copy of the notice to the Ministry of Finance.

**Article 46      Time Period for Claiming an Insurance Annuity or Indemnity  
(amended)**

Claiming for insurance annuity or indemnity shall be as follows:

1. be processed within a one year period from the date the incident occurred[;] for a force majeure or sudden incident, shall not be included in the period of payment of the insurance annuity or compensation of damages;
2. in case the policyholder does not know when the incidence occurred as provided in paragraph 1 of this Article, the time period shall be calculated from the date the incident is known to the policyholder;
3. in case a third party requests the policyholder to compensate for damages that are insured according to the insurance contract, the time period as defined in paragraph 1 of this Article shall be calculated from the date the third party made a request.

The Ministry of Finance shall issue a regulation on the management of an insurance reserve fund for advance payment to the policyholder in case an accident occurs.

**Article 47      Payment of an Insurance Annuity or Indemnity (amended)**

If an incident occurs, the insurer shall pay insurance annuity or indemnity according to the time period agreed in the insurance contract. In case the time period is not specified, the insurer shall pay insurance annuity or indemnity within thirty days from the date of receipt of all required documents in accordance with the claim for insurance annuity or indemnity.

**Article 48      Prescription of Litigation (amended)**

Litigation regarding an insurance contract shall be carried out within three years from the date the dispute occurred. The prescription may be suspension according to Article 30 of the Law on Contracts if there are acceptable reasons and there is an appointment of an expert to prove the facts after damages occurred.

**Article 49      Transfer of an Insurance Contract (new)**

An insurance contract that has one or more kinds of insurance can be transferred between insurers based on an agreement among those insurers.

The Ministry of Finance shall be notified about the transfer of an insurance contract.

**Article 50      Requirements for the Transfer of an Insurance Contract (new)**

The transfer of an insurance contract shall be conducted as follows:

1. the transferred insurance contract shall be the same kind of insurance;

2. rights and obligations as determined in the insurance contract shall not be changed throughout the period of the insurance contract;

3. the insurer who received the transferred insurance contract shall have financial stability and a reserve fund as defined in the laws and regulations.

**Article 51 Procedure for the Transfer of an Insurance Contract (new)**

The transfer of an insurance contract shall be conducted as follows:

1. the reasons and transfer plan with the copied insurance contract shall be proposed to the Ministry of Finance;

2. the transfer of an insurance contract can be processed only when the Ministry of Finance issues a written notice; 3. the insurer shall disclose the transfer and notify the policyholder in writing within thirty days from the date of receipt of that notice.

## **Chapter 2**

### **Personal Insurance Contract**

**Article 52 Personal Insurance Contract (amended)**

A personal insurance contract is an insurance contract against risk to life, health, and personal body accident.

The policyholder can buy insurance for individual persons as follows:

1. policyholder;

2. husband, wife, child/children, parents and siblings of the policyholder;

3. other persons if the policyholder shares the benefits with that person.

**Article 53 Personal Life, Health and Body Accident Insurance Contract (new)**

A life insurance contract is a contract that aims to receive insurance annuity in case the insured dies and the insurer shall pay to the beneficiary as defined in the contract.

Health insurance contract is a contract that provides compensation of the costs for treatment as defined in the contract in case of sickness.

Body accident insurance contract is a contract that compensates for expenses as defined in the contract in case of injury, disability or death because of the accident.

**Article 54 Specifying Age for Life Insurance (new)**

The policyholder is obliged to specify the age of the insured correctly at the time the insurance contract is made. Such information is background for the calculation of the insurance premium.

In case the policyholder specifies the wrong age of the insured such that the age of that person is not in the scope to be insured, the insurer is eligible to cancel the insurance contract by deducting all expenses before returning the insurance premium to the policyholder.

In case the life insurance contract has been in force for more than two years, the insurer shall pay money for the withdrawal of the contract to the policyholder as provided in the insurance contract.

In case the policyholder specifies the wrong age of the insured such that the real age of the insured is in the scope for getting the insurance but the result is that the insurance premium is not high enough, the insurer is eligible to request the policyholder to pay a higher insurance premium to match the insurance premium as agreed in the insurance contract or may reduce the level of protection to match the insurance premium actually paid.

In case the policyholder specified the wrong age of the insured but the real age of the insured is in the scope of getting the insurance but results in the collection of an insurance premium that exceeds the amount agreed, the insurer shall return such excess insurance premium to the policyholder or may increase the level of protection to match the insurance premium that was actually paid.

#### **Article 55      Payment of the Life Insurance Premium (new)**

The policyholder shall pay the insurance premium in one payment or in installments as determined in the insurance contract. In case the insurer allows the payment of the insurance premium every three months, six months or more than that, the outstanding amount of insurance premium shall be regarded as a debt that the insurer is eligible to deduct from the amount of insurance annuity to be paid in accordance with the contract.

In case the policyholder pays the insurance premium in installments and the policyholder has paid no more than two years but cannot pay for two consecutive months, the insurer is eligible to suspend the implementation of insurance contract and the policyholder is ineligible to claim back the insurance premium that was paid earlier unless the policyholder continues to pay the due premium. If the policyholder could not pay the due amount within two years, [the policyholder] is ineligible to claim back the insurance premium paid earlier unless the provisions of the contract defines otherwise.

In case the policyholder had paid the insurance premium for two or more years and the insurer has stopped the implementation of the insurance contract as provided in paragraph 2 of this Article, the insurer shall pay back the premium to the policyholder unless the provisions of the insurance contract defines otherwise.

The contracting parties may continue the implementation of an insurance contract that has been suspended as provided under paragraph two of this Article within two years from the date of such suspension.

#### **Article 56      Transfer of Benefits in Life Insurance (amended)**

The policyholder who transfers benefits in life insurance to another person shall specify in writing the person to receive the benefits and insured amount, and shall notify the insurer.

The policyholder is eligible to transfer the benefits from life insurance to an insane person or a person who is lower than eighteen years old upon the agreement of the parents or guardian of that person.

#### **Article 57      Exemption from Paying Insurance Annuity (new)**

The insurer will not pay an insurance annuity in the following cases:

1. An insurance contract related to a death shall not be enforceable if the insured committed suicide, but the insurer shall still pay money to the person who is eligible to receive the amount that exists in the reserve fund according to the calculation formula if the insurance certificate defined that the insurer will pay the insurance annuity to the insured in case he/she committed suicide[;] the insurance contract shall be enforceable only when the insurance certificate that has been signed by the parties has been in force for two years. The insurance contract shall not be enforceable if the beneficiary intended to cause the insured's death.
2. The insured person dies or is permanently disabled by the intention of the policyholder or the beneficiary;
3. In case there are many beneficiaries and one of the beneficiaries intended to hurt the insured to cause death or to be permanently disabled, the insurance company shall pay insurance annuity to other beneficiaries as agreed in the insurance contract;
4. In the case of paragraph 1 of this Article, the insurance company shall pay the remaining insurance annuity or total insurance annuity to the policyholder after properly deducting related expenses. If the policyholder dies, the return money shall be resolved under provisions of the Law on Inheritance.

#### **Article 58      Tax Exemption for Personal Insurance (new)**

Personal insurance is exempted from taxes as follows:

1. Value-added tax on making a life insurance contract and health insurance contract;
2. Income tax on income from the death or permanent disability of an individual insurance contract;
3. Income tax on health insurance and body accident insurance annuities;
4. Income tax on benefits received from endowment insurance.

### **Chapter 3**

#### **Property Insurance Contract**

#### **Article 59 (new)      Targets of the Property Insurance Contract**

A property insurance contract is a contract against risks on property including targets as defined in Articles 11, 12 and 13 of this Law.



**Article 60 Principles for Insurance Indemnity Payment (amended)**

The insurer shall pay insurance indemnity to an insured person or beneficiary according to actual damages but shall not exceed the sum insured as defined in the insurance contract.

**Article 61 Right by a Third Party to Claim for Compensation for Damages (amended)**

In case there are damages to the property, life or body of the insured person that has directly or indirectly been caused by careless action of a third party, the insurer shall pay the insurance annuity to the insured person according to actual damages but shall not exceed the sum insured as defined in the contract.

The insurer is eligible to claim compensation for payment to the insured person from the third party who caused the damage.

The third party who caused the damage shall also be responsible for compensating the amount that exceeds the sum insured.

**Article 62 Damages Not Subject to the Payment of Indemnity (new)**

The insurer shall not be responsible for paying indemnity in case the insured property is damaged due to depreciation or due to the decrease of its value unless it is defined otherwise in the insurance contract.

**Article 63 Compensation for Damages (amended)**

The compensation for damages shall be implemented as follows:

1. The insurer shall compensate for damages to the insured based on the actual estimation at the place the incident occurred of the level of damages, unless defined otherwise in the insurance contract. The costs for the estimation of damages shall be borne by the insurer;
2. The insurer shall compensate for damages to the insured not to exceed the sum insured.

**Article 64 Forms of Compensation for Damages (amended)**

The policyholder and the insurer can agree on the forms of compensation as follows:

1. repairing the damaged property;
2. replacing the damaged property by the same property that has equal value;
3. paying money for damages.

In case the insurer and the policyholder cannot agree on the forms of paying for compensation, it shall be processed according to paragraph 3 of this Article.

If the compensation for damages is processed in accordance with paragraphs 2 or 3 of this Article, the insurer is eligible to collect the damaged properties after they have been replaced or compensated for in accordance with the actual value of the properties.

#### **Article 65      Estimation of Damages (new)**

When incidents such as fire and accident occur, the insurer shall immediately go to the site of the incident to estimate the cause and damages occurred.

In case the insurer and policyholder could not agree on the cause and damages, any contracting party can request for a third party to estimate the cause and damages. In case an agreement could not be reached to hire a third party, any contracting party can ask the People's Court to appoint an independent evaluator for the cause and damages.

The contracting parties shall accept the results of the evaluation and damages conducted by that evaluator.

#### **Article 66      Responsibility to Pay Indemnity (amended)**

In case the insured person has caused damages to the third party, the insurer shall be responsible for the indemnity to the insured and/or third party as defined in the contract.

In case damages have been caused by a third party, the third party shall be responsible for damages that have occurred to the insured in accordance with the laws and regulations. In case of injury caused by a road accident of which the transport is insured, the insurer shall first pay for the costs of treatment of the injured person; in case there is no insurance funding available, the insurer can claim back [the payment] from the person who caused the accident.

#### **Article 67      Property Insurance at Lower Value than Actual Value (amended)**

If the insured value of the property is lower than its actual value and if an incident occurs, the insurer shall compensate for damages in accordance with the percentage of the sum insured and actual value of the insured property during the period of the insurance contract.

#### **Article 68      Property Insurance at a Higher Value than the Actual Value of the Property (new)**

If the value of the property insurance is higher than the actual value of the insured property, the insurer shall return the excess insurance premium to the policyholder. If an incident occurs, the insurer shall pay compensation according to actual damages and shall not exceed the sum insured.

#### **Article 69      Overlapping Insurance Contracts (new)**

Overlapping insurance contracts is where a policyholder makes an insurance contract with two or more insurance companies to insure the same property that has the same conditions and purposes of insurance.

In case the contracting parties make overlapping insurance contracts and if an incident occurs, each insurance company shall compensate for damages at the ratio of the sum insured agreed in accordance with actual value of damaged property.

## **Chapter 4**

### **Re-Insurance Contract**

#### **Article 70 Re-Insurance Principles (new)**

The insurer can carry out reinsurance with domestic or foreign reinsurers in order to reduce risks and responsibilities for the compensation of damages to insured property in compliance with related Lao PDR and international laws and regulations. The insurer shall provide information regarding the re-insurance contract and other information to the Ministry of Finance for the purpose of monitoring, management and inspection.

#### **Article 71 Requirements of Re-Insurance (new)**

Re-insurance shall be carried out according to the following requirements:

1. shall be suitable to the conditions of the business operation of the re-insurer;
2. shall be feasible and suitable technically to the field of business operation of the authorized re-insurer;
3. shall be trusted among insurance markets in [Lao PDR] and foreign countries in the region and internationally, financially sustainable and has expertise in the field of re-insurance.

If the Ministry of Finance detects that the re-insurance does not fulfill the requirements defined above, it is eligible to send a written notice to cancel or to adjust the re-insurance or reject the approval of re-insurance.

#### **Article 72 Responsibility in Re-Insurance (new)**

The insurer shall be responsible to the policyholder in accordance with an insurance contract, including re-insurance of property.

The re-insurer is not allowed to require the policyholder to pay insurance premium to him/her directly, except if the insurance contract defines otherwise.

The policyholder is not allowed to require the re-insurer to pay compensation to him/her, except if the insurance contract defines otherwise.

## **Chapter 5**

### **An Insurance Contract Regarding Civil Liability**

#### **Article 73 Responsibility of the Insurer (amended)**

The insurer shall have responsibility only when the insured has caused damages during the term of the insurance contract and the [damaged] third party has claimed for compensation for such damage from the insured.

#### **Article 74 Being a Representative for a Policyholder (new)**

The insurer is eligible to act on behalf of a policyholder in the negotiation with the third party regarding compensation for such damage caused by the insured, except if the insurance contract defines otherwise.

**Article 75      Compensation for Damage (amended)**

The insurer can directly pay compensation for damage to the insured or damaged third party when the damage occurred, based on a request of the insured.

**PART VI**  
**INSURANCE AGENT AND INSURANCE BROKER**  
**Chapter 1**  
**Insurance Agent**

**Article 76      Insurance Agent (new)**

An insurance agent is an individual or legal entity authorized by the insurer under the provisions of a contract to be an insurance agent to operate insurance activities in compliance with this Law and other related laws and regulations.

The insurer shall submit a list of insurance agents under its responsibility to the Ministry of Finance.

**Article 77      Requirements for Being an Agent (new)**

An insurance agent shall fulfill the following requirements:

1. For an individual:
  - being a Lao citizen with residency in Lao PDR;
  - be 18 years old or older;
  - has passed insurance course/s;
  - has never been imprisoned as the consequence of intentional actions;
  - is in good health.
2. For a legal entity:
  - is established legally.

**Article 78      Rights and Duties of an Insurance Agent (new)**

An insurance agent has the following rights and duties:

1. offer and sell insurance;
2. issue insurance contracts;
3. collect insurance premium and handover to the insurer;
4. provide coordination for purposes of inspection and problem solving when an insurance accident occurs;
5. deliver full indemnity to apolicyholder or beneficiary on timely manner;
6. implement other duties related to an insurance contract.

**Article 79      Covenant for an [Insurance] Agent (new)**

The covenant for an insurance agent shall include the following main content:

1. name and address of the insurance agent;
2. name and address of the insurer;
3. rights and obligations of the insurer and insurance agent;
4. commission (fees) to be paid to insurance agent;
5. term of the covenant;
6. dispute resolution;
7. depositing of security.

**Article 80      Responsibility of an [Insurance] Agent (new)**

In case an insurance agent violates the covenant for being an insurance agent and causes damages to the rights and benefits of a policyholder, the insurer shall be directly responsible for damages caused by such insurance agent and [the insurer] is eligible to claim for compensation from the insurance agent.

## **Chapter 2**

### **Insurance Broker**

**Article 81      Insurance Broker (new)**

Insurance broker is an individual or legal entity that is authorized to operate an insurance broker business.

An insurance broker that is legally established is eligible to be an insurance broker for the insurer and for policyholders.

**Article 82      Applying for an Insurance Broker License**

An individual or legal entity wishing to operate an insurance broker business shall [follow the same rules for application] as for the establishment of an insurance company as defined in Article 17 of this Law.

Details for the registered capital of the insurance broker is defined in a separate regulation.

**Article 83      Scope of Insurance Broker Business**

An insurance broker may operate an insurance business under the following scope:

1. Provide information about the insurer and kinds and categories of insurance to policyholders including timeframe, requirements, insurance fee;
2. Give advice to policyholders regarding the risks and the selection of insurance category, timeframe, requirements, fee;
3. Negotiate and make an insurance contract between an insurer and a policyholder;

4. Implement other activities related to the implementation of an insurance contract as assigned by the policyholder.

**Article 84      Rights and Duties of an Insurance Broker (new)**

An insurance broker has the following rights and duties:

1. Receive an insurance broker service fee that is included in the insurance premium;
2. Insurance broker activities are protected under the laws and regulations;
3. Provide opinions on insurance business operations to the Insurance Management Authority;
4. Operate insurance broker activities honestly;
5. Maintain the secrets of insurers and policyholders being served;
6. Responsible for all damages caused by its inappropriate actions to the insurer and policyholder.

**Article 85      Professional Liability Insurance (new)**

An insurance broker shall deposit a security for its insurance broker activities by purchasing professional liability insurance with any insurer in Lao PDR.

Details on professional liability insurance of the insurance broker are defined in a separate regulation.

## **PART VII**

### **COMPETITION IN THE INSURANCE BUSINESS**

**Article 86      Competition in the Insurance Business (new)**

Insurers, insurance agents and insurance brokers that are permitted to operate an insurance business in Lao PDR have equality in front of the law and can compete according to the laws and justice in order to stabilize the insurance market, and expand and develop insurance products to serve the society.

**Article 87      Principles of Competition in Insurance Business (new)**

Competition in insurance business shall be conducted according to market economic mechanisms under the laws and regulations of Lao PDR, ensuring the principles of fairness and professional ethics.

The competition in insurance business:

1. Shall not create misunderstanding to potential policyholders or the insured from the insurer;
2. Shall not overstate the information;
3. Shall not allege or blame each other by any forms;
4. Shall not attract senior, experienced employees from each other that give rise to damages to insurers and insurance agents;

5. Shall not decrease the insurance fee below the rates defined by the laws and regulations.

## **PART VIII**

### **FINANCE, ACCOUNTING AND REPORTING REGIME**

#### **Chapter 1**

##### **Financial Regime**

###### **Article 88 Compliance with the Finance Regime (new)**

An insurer and insurance broker shall accurately and completely comply with the financial regime, reserved fund and insurance reserved fund as defined in the laws and regulations of Lao PDR.

###### **Article 89 Reserved Fund (new)**

An insurer and insurance broker shall create a reserved fund as defined by the Law on Enterprise to guarantee the risks in business operations and business expansion.

###### **Article 90 Insurance Reserved Fund (amended)**

An insurance reserved fund is the technical reserved fund that the insurer has deducted to pay for insurance debt and operating costs of insurance activities and other costs occurred from the contracts.

Insurance reserved fund must be allocated according to each category of insurance where the insurance reserved fund shall have adequate funds to fulfill obligations to the insured or beneficiaries from the insurance.

Details of the form and kind of insurance reserved fund and amount of reserved funds are determined in a specific regulation by the Ministry of Finance.

#### **Chapter 2**

##### **Accounting and Reporting [Regime]**

###### **Article 91 Accounting Regime (amended)**

An insurer and insurance broker shall comply with the accounting regime as stipulated in the Law on Accounting and other relevant laws and regulations of Lao PDR.

###### **Article 92 Transferring Profit, Dividends and Property Out of Lao PDR (new)**

A foreign insurer and insurance broker invested and operating in Lao PDR can transfer profit and dividends from Lao PDR to other countries after fulfilling financial obligations and deducting the relevant reserved funds as provided under the laws of Lao PDR.

Transferring its assets out of Lao PDR is allowed after terminating operations and payment of all obligations including debts.

###### **Article 93 Readiness for Compensation of Damage (amended)**

An insurance company shall have evidence to certify its sufficient ability to pay debts that include:

1. Registered capital or establishment capital;
2. Reserved capital that is not related to meeting other obligations;
3. Carried forward profit and income from the current year after the deduction of losses;
4. Capital gains resulting from the valuation of assets;
5. Intangible assets shall not be included in the ability to pay debts.

#### **Article 94     Using Deposit Money (new)**

An insurer is eligible to use assets that are deposited in a bank to pay debts when it stops its operations:

1. Voluntary;
2. As a result of violations against the laws and regulations;
3. As a result of a bankruptcy.

A claim for a security shall be implemented as follows:

In case of ceasing business operation according to section 1 above, it shall be claimed within thirty days after the date of receiving a notice for ceasing insurance business.

In case of ceasing business operation according to sections 2 and 3 above, the insurer cannot claim back its deposit money until it has developed a plan to pay the debts and [has] paid the debts to all insured or beneficiaries.

In case it receives interest from the security deposit in the bank, the insurer can use the interest from such security.

#### **Article 95     Capital Management (new)**

The insurer is eligible to use its capital based on the agreement of the shareholder meeting but shall warrant the safety, efficiency and ensure the ability to repay money on a regular basis in accordance with the insurance contract.

The insurer is eligible to use its capital to invest in Lao PDR in accordance with the order of the following prioritized areas:

1. Buy government bonds;
2. Buy corporate shares and bonds;
3. Invest in the real estate business;
4. Invest in other enterprises;
5. Deposit with commercial banks or finance institutions.



**Article 96     Income - Expenditure (new)**

The income and expenditure of the insurer and insurance broker shall be consistent with the Accounting Law and consistent with the standards of accounting principles of Lao PDR.

The Ministry of Finance shall issue specific regulations for inspecting the implementation of financial regulations by an insurance company and insurance broker.

**Article 97     Fiscal Year (new)**

The fiscal year of the insurer and insurance broker shall be implemented in accordance with the accounting year as defined in the Law on Accounting which starts from 1st January and ends 31st December of each year.

The first fiscal year of the insurer and insurance broker shall be started from the date of approval for the establishment and operation of a business and end on 31st December of that year.

**Article 98     Auditing the Financial Statement (new)**

The audit of the annual financial statements of the insurer and insurance broker shall be certified by an independent auditor or the relevant government authority.

The Ministry of Finance is eligible to require the insurer and insurance broker to have their insurance business operation rated by either a domestic or foreign rating company.

**Article 99     Financial Statement (amended)**

The insurer and insurance broker shall comply with financial report regulations as provided in the Accounting Law and shall provide reports on a periodic basis regarding its business operations.

In addition to a regular report, the insurer and insurance broker shall submit financial statements to the Ministry of Finance according to the following cases:

1. When there are changes in business operations;
2. The insurer and insurance broker does not comply with financial obligations;
3. When there is a request letter from the Ministry of Finance.

**Article 100    Publishing of Finance Report (new)**

The insurer and insurance broker are eligible to publish its financial report that has already been audited by an independent auditor or relevant government authority after the end of the fiscal year.

**PART IX**  
**RIGHTS AND OBLIGATIONS OF THE INSURER AND**  
**POLICYHOLDER**

**Article 101    Rights and Obligations of the Insurer (new)**

The insurer has the following rights:

1. Collect premium in accordance with the insurance contract;
2. Require the policyholder to provide correct and complete information to make an insurance contract;
3. Suspend the implementation of the insurance contract when given incorrect and incomplete information;
4. Refuse to pay indemnity that is not specified in the insurance contract;
5. Be given the right by the insured to claim money from a third party that causes damages.

The insurer has the following obligations:

1. Provide clear information to potential policyholders regarding the conditions, rights and obligations of the policyholder;
2. Issue an insurance contract to a policyholder;
3. Pay indemnity in accordance with the insurance contract to the insured or beneficiary in the full and correct amount;
4. Provide written reasons for the refusal to pay indemnity;
5. Coordinate with the insured within a reasonable time to resolve [issues for an] accident caused by a third party for the compensation of damage occurred;
6. Comply with financial and other obligations of the State as defined by the laws and regulations;
7. Be responsible for compensation of damages occurred on a timely basis.

**Article 102    Rights and Obligations of a Policyholder (new)**

The policyholder has the following rights:

1. Request to the insurer to explain the insurance policy and conditions, and to issue an insurance contract;
2. Suspend the implementation of the insurance contract in case that the insurer provided incorrect information in the insurance contract;
3. Request to the insurer to pay indemnity in accordance with the insurance contract;
4. Implement other rights as provided in laws and regulations.

The policyholder has the following obligations:

1. Pay insurance premiums;
2. Inform the insurer immediately regarding any damages or losses that have been insured not later than five days after it is known to the policyholder. In the case of insurance for robbery, it shall be reported within thirty-six hours after it is known to the policyholder. The contracting parties may agree to extend the period for notification in the insurance contract. The insured will not lose his/her rights as provided in the insurance contract if he/she could not notify about the losses or damages due to a sudden incident or force majeure;
3. Inform about all situations that are known to him/her correctly in order to appropriately help the assessment of the risk that may fall under the responsibility of the insurer at the time of making the insurance contract;
4. Inform about situations that may increase the risk to the insurer as provided in insurance contract;
5. Implement other obligations as defined in the laws and regulations.

## **PART X**

### **PROHIBITIONS**

#### **Article 103 Prohibitions for Insurance Officers (new)**

Insurance officers are prohibited to act as follows:

1. Abuse their positions for personal benefit from the insurance business;
2. Excessively perform their duties that causes damages to the interests of the State, community or legitimate benefits of people;
3. Be negligent to their duties and responsibilities related to insurance business;
4. Disclose confidential state and official information related to insurance business;
5. Falsify documents related to insurance business;
6. Perform or participate in any kind of insurance business operation;
7. Commit other actions that are prohibited as provided by laws and regulations.

#### **Article 104 Prohibitions for an Insurer and Insurance Broker (new)**

Insurers and insurance brokers are prohibited to behave as follows:

1. Destroy any information and evidence, under report revenue and hide wrongdoings related to insurance;
2. Give a bribe or inducement or collude with other concerned persons to steal State money;
3. Falsify a receipt, invoice or other documents;
4. Confront, threaten or hurt insurance officers;

5. Distort the facts of the content, scope and conditions of insurance business that affect the benefits to be received by the policyholder;
6. Induce clients by obstructing, bribing or threatening insurance officers, insured, insurance agents and other insurance brokers;
7. Give a reward to clients that is inconsistent with the facts and perform inappropriate competition;
8. Offer an insurance premium that is lower than the determination of the Ministry of Finance;
9. Imitate an insurance product without permission from the copyright owner;
10. Operate life and general insurance at the same time without having separate business licenses.

**Article 105 Prohibitions for an Individual, Legal Entity and Other Organizations (new)**

An individual, legal entity and other organizations are prohibited to act as follows:

1. Abuse the position and duties, use violence and refer to the name of another person to threaten insurance staff and officers to gain personal or group benefits from the insurance;
2. Run an insurance business or partnership without permission;
3. Obstruct the implementation of the duties of an insurance officer;
4. Refuse to provide information and collude with others to hide or support

the insurance business operator to not pay obligations to the State.

**PART XI DISPUTE RESOLUTION**

**Article 106 Forms of Dispute Resolution (new)**

Dispute resolution for insurance can be implemented by any of the following forms:

1. compromise;
2. mediation;
3. administrative;
4. settlement by the Economic Dispute Resolution Committee;
5. through People's Court;
6. through international dispute settlement.

**Article 107    Right to Select a Form of Dispute Resolution**

Once an insurance dispute occurs, the parties can select any form of dispute settlement as defined under Article 106 of this Law.

**Article 108    [Dispute Settlement by] Compromise**

Parties can make a compromise on an insurance default.

The settlement made by a compromise shall comply with the principles of making a contract as defined in the Law on Contracts.

**Article 109    [Dispute Settlement by] Mediation (new)**

The parties can select to mediate a dispute at any time in compliance with laws and regulations.

**Article 110    [Dispute Settlement by] Administrative Method**

The parties can appeal to the Insurance Management Authority to resolve an insurance dispute in accordance with laws and regulations.

**Article 111    [Dispute Settlement by] Economic Dispute Resolution Committee**

The parties can appeal to the Economic Dispute Resolution Committee at any time to resolve insurance disputes in accordance with the Law on Economic Dispute Resolution and other related laws and regulations.

**Article 112    [Dispute Settlement by] Court Proceeding**

The parties can sue in the People's Court to resolve an insurance dispute in accordance with laws and regulations.

**Article 113    [Dispute Settlement by] International Dispute Settlement**

The settlement of an insurance dispute that is related to an international case shall be implemented in accordance with the treaties and conventions to which Lao PDR is a party.

## **PART XII**

### **MANAGEMENT AND INSPECTION**

#### **Chapter 1**

##### **Management Body [Authority]**

**Article 114    Management Body [Authority] (new)**

The Government centrally and uniformly manages insurance activities throughout the country by assigning the Ministry of Finance as the lead authority to coordinate with relevant sectors, particularly the Planning and Investment Sector, Industry and Commerce Sector, Public Health Sector, Agriculture and Forestry Sector, Information Culture and Tourism Sector and concerned local administrations.

The Finance Sector is the Insurance Management Authority.

Other sectors have rights and duties to manage insurance activities in accordance with their roles.

**Article 115 Rights and Duties of the Ministry of Finance (new)**

For the purpose of managing insurance activities, the Ministry of Finance has the following rights and duties:

1. Research and develop a strategic plan, a policy plan, and laws and regulations regarding insurance activities in order to submit to the Government for consideration;
2. Turn the government strategic [and] policy plans into work plans, programs, and detailed project plans for the finance sector in accordance within its scopes and responsibilities;
3. Propagandize and disseminate laws and other legislation related to insurance in accordance with its roles;
4. Supervise technical duties and follow up the implementation of laws and other legislation related to insurance activities within its scope of responsibilities;
5. Monitor the operation of insurance businesses within its scope of responsibilities;
6. Develop human resources, appoint, move, dismiss, promote or take disciplinary actions against [its personnel] [and] insurance officials in accordance with their roles and as defined by the laws and regulations;
7. Coordinate with other related sectors and local administrations related to insurance tasks;
8. Be responsible for the implementation of technical duties of [its personnel] [and] insurance officers under its management;
9. Cooperate with foreign countries in the region and internationally regarding insurance activities within their scope of roles or as assigned by the higher level;
10. Summarize and report to its higher level regarding the implementation of insurance activities on regular basis;
11. Implement other rights and duties as defined by the laws and regulations.

## **Chapter 2**

### **Inspection Authority**

**Article 116 Inspection Authorities (new)**

Inspection Authorities include:

1. Internal Inspection Authorities which are the same as the Insurance Management Authority as defined in Article 114 of this Law;
2. External Inspection Authorities are the National Assembly, State Inspection and Anti-Corruption Authority and State Audit Authority.

#### **Article 117 Rights and Duties of the Internal Inspection Authority**

Internal Inspection Authorities have the following rights and duties:

1. Inspect the implementation of duties and responsibilities of [its] personnel and insurance officers at each level with respect to the implementation of laws, resolutions, ordinances and other relevant legislation, and of working and technical procedures ensuring high effectiveness of the implementation of activities;
2. Inspect targeted insurers and insurance brokers with regard to the development of insurance business operation plan, and calculation and collection of premiums and service charges.

#### **Article 118 Rights and Duties of the External Inspection Authority (new)**

External Inspection Authorities have rights and duties to inspect the implementation of the laws and regulations that are related to insurance activities according to their roles, rights, duties and scope of responsibilities, to strictly inspect performance of insurance officers such as their behaviors, and complaints from the public and appeals from individuals, legal entities and other organizations to ensure effective, transparent and fair insurance.

#### **Article 119 Forms of Inspection (new)**

Inspection includes the following forms:

- Regular inspection;
- Inspection with prior notice;
- Sudden inspection.

Regular inspection is an inspection that is carried out in accordance with a plan and on a regular and certain period of time.

Inspection with prior notice is an inspection that is not included in the plan [but is] carried out when it is needed by informing the audited person in advance.

Sudden inspection is an urgent inspection without informing the inspected person in advance.

### **PART XIII**

## **INCENTIVES FOR GOOD PERFORMERS AND MEASURES AGAINST VIOLATORS**

#### **Article 120 Incentives for Good Performers (new)**

An individual, legal entity or organization with outstanding performance in implementing the Law on Insurance, particularly enabling insurance business to be highly effective and efficient, will be rewarded or will receive other benefits as defined in the regulations.

**Article 121 Measures against Violators (new)**

An individual, legal entity or organization violating the Law on Insurance shall be educated or warned, [subject to] disciplinary actions or face criminal actions depending on the seriousness of the offence and shall compensate for civil damages.

**Article 122 Education or Warning (new)**

An individual, legal entity or organization committing an unintentional offense on insurance for the first time will be educated or warned.

**Article 123 Disciplinary Action**

Personnel and insurance officers violating laws and regulations on insurance and prohibitions to a light degree that is not a criminal offense will [have] disciplinary actions [applied to them] according to each case as follows:

1. Be blamed or warned for the offense in accordance with the regulations on civil servants and will be recorded in the biographic file of the offended person;
2. Suspend from promotion and increase of salary level and reward;
3. Dismiss from a position or move to take other duties with lower rank;
4. Be fired from being a civil servant without receiving any benefits.

**Article 124 Criminal Action**

Those who perform unfair competition on insurance that causes damages to others shall be imprisoned from three months to two years and fined from 500,000 kip to 10,000,000 kip.

Other actions that are criminal offenses shall be punished according to the Penal Law as well as paying compensation for damages occurred.



## **PART XII**

### **FINAL PROVISIONS**

**Article 125    Implementation (amended)**

The Government of the Lao People's Democratic Republic shall implement this Law.

**Article 126    Effectiveness (new)**

This Law enters into force after ninety days from the date the President of the Lao People's Democratic Republic issues the Presidential Decree on the Promulgation.

This Law replaces Insurance Law No. 11/90/SPA, dated 29 November 1990.

All provisions and regulations that contradict this Law shall be void.

**President of National Assembly**

*[signed and stamped]*