

Legal *News*



NEW REGULATIONS ON INSURANCE BUSINESS LAWS



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Law on Insurance Business, after nearly 20 years of implementation, has brought positive effects to the development of economy and society in Vietnam. In order to meet the commitments in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Law No. 42/2019/QH14 dated 14 June 2019 on amendment and supplement of a number of articles of Law on Insurance Business and Law on Intellectual Property (“Law No. 42”) was ratified by the National Assembly. Law No. 42 will officially take effect from 1 November 2019, in which some notable provisions on insurance business are as follows:

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1. Supplement of regulations on insurance auxiliary service

This type of insurance business is newly stated by laws, in particular, insurance auxiliary service is an integral part of insurance business activities, implemented by insurance enterprise, insurance brokerage enterprise, other organizations and individuals for profit purpose. This service consists of 5 activities: insurance consultancy, insurance risk assessment, actuarial analysis, insurance loss assessment and insurance claim assistance.

According to Clause 2, Article 3 of Law No. 42, insurance auxiliary service is supplemented to List of conditional business lines specified in Annex 4 of the amended Law on Investment.

2. Supplement of regulations on provision of insurance auxiliary service

Insurance consultancy as an independent insurance auxiliary service is different from insurance products sale consultancy implemented by insurance agents and insurance brokerage enterprise under current Law on Insurance business, therefore, Law No. 42 supplements definition and provides conditions for qualifications of individual who provides insurance consultancy service in of Clause 4, Article 1 Law No. 42 (Clause 1, Article 93b). Accordingly, in addition to conditions for legal capacity, individual who provides insurance auxiliary service is required to have bachelor's degree or higher majoring in insurance or bachelor's degree or higher in another major and a certificate of training in insurance consultancy.

Moreover, organization providing insurance auxiliary services is required to fulfill the conditions for legal status of entity and conditions for individual providing insurance auxiliary service as stated in of Clause 4, Article 1 Law No. 42 (Clause 2, Article 93b) above.

In order to create conditions for organizations and individuals currently engaging in insurance auxiliary service to have time to fulfill the conditions for provision of that service and to ensure the sanctions, Clause 1, Article 4 of Law No. 42 states that such organizations and individuals shall have 1 year to meet the above conditions.

3. Professional liability insurance to be mandatory when providing insurance auxiliary service

Clause 4, Article 1 Law No. 42 (Clause 3, Article 93a) states that individuals providing insurance consultancy service is obliged to purchase professional liability insurance for provision of insurance consultancy service; insurance auxiliary service providers shall also purchase professional liability insurance in accordance with each type of insurance auxiliary service.

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