

THE GOVERNMENT

SOCIALIST REPUBLIC OF VIETNAM

Independent - Freedom – Happiness

No. 73/2016/ND-CP

Hanoi, July 01, 2016

DECREE

ON DETAILS OF IMPLEMENTATION OF THE LAW ON INSURANCE BUSINESS AND THE LAW ON AMENDMENTS TO CERTAIN ARTICLES OF THE LAW ON INSURANCE BUSINESS

Pursuant to the Law on Government Organization dated June 19, 2015;

Pursuant to the Law on insurance business dated December 09, 2000;

*Pursuant to the Law on amendments to certain articles of the Law on insurance business dated
November 24, 2010;*

Pursuant to the Law on Investment dated November 26, 2014;

Pursuant to the Enterprise Law dated November 26, 2014;

At the request of the Minister of Finance;

The government promulgates the Decree on details of implementation of the Law on insurance business and the Law on amendments to certain articles of the Law on insurance business.

Chapter I

GENERAL

Article 1. Scope and regulated entities

1. The Decree defines the details of implementation of the Law on insurance business and the Law on amendments to certain articles of the Law on insurance business, with regard to:

a) The establishment and operation of enterprises providing life insurance, non-life insurance, health insurance and reinsurance (hereinafter referred to as insurance enterprises), branches of foreign non-life insurance enterprises (hereinafter referred to as foreign branches), insurance broker enterprises, insurance agencies, providers of cross border insurance services, representative offices of insurance enterprises, foreign insurance broker enterprises and fund(s) for the protection of the insured;

b) Financial management regulations for insurance enterprises, foreign branches and insurance broker enterprises.

2. This Decree applies to:

a) Insurance enterprises;

b) Foreign branches;

c) Insurance broker enterprises and insurance agencies;

d) Other entities involved.

Article 2. Policy of insurance market development

1. Develop the complete, secure and virtuous insurance market in order to meet the needs of insurance of the economy and people; assure the adherence of insurance products to international standards; establish an unbiased business regulatory environment to utilize the most of resources of economic sectors, enhance the competitiveness of the insurance industry and meet the requirements of international economic integration.

2. The government shall support insurance enterprises, foreign branches and insurance broker enterprises to research and develop insurance products and to motivate entities' purchase of insurance.

3. The government shall support Association of Vietnamese Insurers and social - employment organizations to augment the autonomy in the insurance industry; maintain fair competition for legitimate rights and interests of purchasers of insurance.

Article 3. Principles on purchase and provision of insurance in Vietnam

1. Organizations and individuals aspiring to conduct business in insurance, reinsurance and insurance brokerage in Vietnam must possess a License for establishment and operation (referred to as the License) from the Ministry of Finance or fulfill requirements for provision of cross border insurance services as per Section 1, Article 90 and Article 91 of this Decree.

2. Organizations and individuals desiring to purchase insurance shall choose insurance enterprises in their discretion but can only purchase insurance from insurance enterprises and foreign branches licensed to operate in Vietnam, except cross border insurance services defined in Section 2 and Section 3, Article 90 of this Decree. No entity can interfere in buyers' choice of insurance enterprises and foreign branches against the law.

Article 4. Practice and products of insurance

1. Life insurance refers to practices in Section 1, Article 7 of the Law on insurance business and Section 3, Article 1 of the Law on amendments to certain articles of the Law on insurance business.

2. Non-life insurance refers to practices in Section 2, Article 7 of the Law on insurance business and Section 3, Article 1 of the Law on amendments to certain articles of the Law on insurance business.

Guarantee insurance refers to an insurance business in which an insurance enterprise or foreign branch assumes the risks of the insured on a fee basis as to carry out duties of the insured upon the insured's inability or failure to perform such duties at a defined time. The insured must undertake to be in debt and repay such debt to the insurance enterprise or foreign branch according to their insurance contract. Their agreement may stipulate that the insurance enterprise or foreign branch carries out duties only upon the insured's inability to perform such duties.

3. Health insurance refers to practices in Section 3, Article 1 of the Law on amendments to certain articles of the Law on insurance business.

4. Insurance enterprises shall only trade in insurance products under the insurance practices defined in their license(s). Furthermore, they ought to abide by business requirements in this Decree.

Article 5. Compulsory insurance

1. Insurance enterprises and foreign branches selling compulsory insurance cannot refuse to provide compulsory insurance to buyers who have fulfilled requirements for purchase of compulsory insurance as per the law.

2. Organizations and individuals bound to take out compulsory insurance shall incur the duty to purchase compulsory insurance as per the law.

Chapter II

LICENSING OF ESTABLISHMENT AND OPERATION OF INSURANCE ENTERPRISES, FOREIGN BRANCHES AND INSURANCE BROKER ENTERPRISES

Part 1. LICENSING OF ESTABLISHMENT AND OPERATION

Article 6. General requirements for licensing of establishment and operation of insurance enterprises, foreign branches and insurance broker enterprises

1. For investors:

Organizations and individuals investing in the incorporation of an insurance enterprise or insurance broker enterprise must satisfy the following requirements:

- a) Incur no prohibitions as defined in Section 2, Article 18 of the Enterprise Law;
- b) Investors must actualize their capital contributions in cash, which must not be financed by a loan or investment trust from other entities;
- c) Corporate investors contributing to 10% or more of the charter capital are required to have conducted a profitable business in 03 consecutive years immediately preceding the year that the application for licensing is submitted and to have not incurred cumulative losses prior to the application for licensing.
- d) Corporate investors conducting business lines that require a legal capital must undertake that their owner's equity less the minimum legal capital is at least equal to the planned amount of investment;
- dd) If a corporate investor is an insurance enterprise, insurance broker enterprise, commercial bank, financial enterprise or securities enterprise, it must fulfill and maintain financial safety conditions and obtain permission by competent authorities to make the said investments as per specialized laws.

2. For insurance enterprises, foreign branches and insurance broker enterprises being incorporated:

- a) Have the charter capital (for insurance enterprises and insurance broker enterprises) or allocated capital (for foreign branches) at least equal to the legal capital according to Article 10 of this Decree;
- b) Have incorporated the type of business and charter (for insurance enterprises and insurance broker enterprises) or the regulation of organization and operation (for foreign branches) in conformity to this Decree and relevant laws;
- c) Have planned managerial and operational personnel in conformity to this Decree.

3. Have applied for licensing in conformity to this Decree.

Article 7. Requirements for establishment of insurance enterprises

1. Requirements for establishment of insurance enterprises organized as a limited liability business:

Apart from general requirements defined in Article 6 of this Decree, founding investors of an insurance enterprise organized as a limited liability business must be organizations that meet the following requirements:

- a) Foreign organizations:

- Trade in insurance abroad and have been permitted by foreign competent authorities to conduct expected business lines in Vietnam, or act as an outward investing subsidiary of a foreign insurance enterprise and have been mandated by the foreign insurance enterprise to invest in the incorporation of an insurance enterprise in Vietnam.

- Have operated for at least 10 years in the sector of business in which they intend to engage in Vietnam;

- Have total worth of assets of at least 02 billion US dollars in the year immediately preceding the year that the application for licensing is submitted;

- Have not seriously violated any laws on insurance business and other legal regulations of the home country for 03 consecutive years immediately preceding the year that the application for licensing is submitted.

b) Vietnamese organizations:

- Trade in finance, banking or insurance;

- Have total worth of assets of at least 2,000 billion Vietnam dongs in the year immediately preceding the year that the application for licensing is submitted.

2. Requirements for establishment of insurance enterprises organized as a joint-stock business:

Apart from general requirements defined in Article 6 of this Decree, an insurance enterprise organized as a joint-stock business must meet the following requirements:

a) At least 02 of its founding shareholders are organization, which meet the requirements stated in Section 1, Article 7 of this Decree and together hold at least 20% of shares in the insurance joint-stock company to be incorporated;

b) In 03 years after licensing, founding shareholders must together hold at least 50% of authorized ordinary shares in the insurance joint-stock company.

Article 8. Requirements for establishment of foreign branches

1. Foreign branches act as a subsidiary of a foreign non-life insurance enterprise, have no judicial personality and are guaranteed by the foreign non-life insurance enterprise to assume liability for all duties and commitments of such branches in Vietnam.

2. A foreign non-life insurance enterprise must meet these requirements to establish branches in Vietnam:

a) The requirements as stated in Point a, Section 1, Article 7 of this Decree;

- b) Its head office is based in a country with which Vietnam has signed international trade agreements, particularly on the establishment of branches of foreign non-life insurance enterprises in Vietnam;
- c) Permission has been given by foreign insurance-regulating authorities in the home country of the foreign non-life insurance for the establishment of branches in Vietnam to conduct permissible insurance business activities. Moreover, there is no restriction on funding by the foreign non-life insurance enterprise for its branches in Vietnam. Furthermore, every activity of the foreign non-life insurance enterprise can be supervised;
- d) Insurance-regulating authorities in the home country of the foreign non-life insurance enterprise have entered written agreements with Vietnam's Ministry of Finance for cooperation in administration and supervision of foreign branches' activities;
- dd) Have undertaken in writing to assume liability for all duties and commitments of the branches in Vietnam and have mandated the directors of such branches in writing to assume liability to the law of Vietnam for every operation of the foreign branches;
- e) Funds for establishment of the foreign branches must be legitimate and not be financed by a loan or investment trust in any manner;
- g) Have gained profit for 03 consecutive years immediately preceding the year that the application for licensing is submitted and have not incurred cumulative losses prior to the application for licensing.

Article 9. Requirements for establishment of insurance broker enterprises

1. Vietnamese organizations and individuals investing in the incorporation of an insurance broker enterprise must meet the requirements defined in Article 6 of this Decree.
2. Foreign organizations investing in the incorporation of an insurance broker enterprise must adhere to Article 6 of this Decree and meet the following requirements:
 - a) Such organizations are foreign insurance broker enterprises that are permitted by foreign competent authorities to broker insurance in Vietnam;
 - b) Have operated for at least 10 years in the sector of insurance brokerage;
 - c) Have not seriously violated any laws on insurance brokerage and other legal regulations of the home country for 03 consecutive years immediately preceding the year that the application for licensing is submitted.

Article 10. Legal capital of insurance enterprises, foreign branches and insurance broker enterprises

1. Legal capital of non-life insurance enterprises:

a) Provision of non-life insurance (except for Point b and Point c of this Section) and health insurance: 300 billion Vietnam dongs;

b) Provision of insurance according to Point a of this Section and aviation insurance or satellite insurance: 350 billion Vietnam dongs;

c) Provision of insurance according to Point a of this Section, aviation insurance and satellite insurance: 400 billion Vietnam dongs;

2. Legal capital of life insurance enterprises:

a) Provision of life insurance (except unit-linked insurance and retirement insurance) and health insurance: 600 billion Vietnam dongs;

b) Provision of insurance according to Point a of this Section and unit-linked insurance or retirement insurance: 800 billion Vietnam dongs;

b) Provision of insurance according to Point a of this Section, unit-linked insurance and retirement insurance: 1,000 billion Vietnam dongs;

3. Legal capital of health insurance enterprises: 300 billion Vietnam dongs;

4. Legal capital of foreign branches:

a) Provision of non-life insurance (except for Point b and Point c of this Section) and health insurance: 200 billion Vietnam dongs;

b) Provision of insurance according to Point a of this Section and aviation insurance or satellite insurance: 250 billion Vietnam dongs;

c) Provision of insurance according to Point a of this Section, aviation insurance and satellite insurance: 300 billion Vietnam dongs;

5. Legal capital of reinsurance enterprises:

a) Provision of non-life reinsurance or both non-life reinsurance and health reinsurance: 400 billion Vietnam dongs;

b) Provision of life reinsurance or both life reinsurance and health reinsurance: 700 billion Vietnam dongs;

c) Provision of life reinsurance, non-life reinsurance and health insurance: 1,100 billion Vietnam dongs;

6. Legal capital of insurance broker enterprises:

- a) Brokerage of direct insurance or reinsurance: 4 billion Vietnam dong;
- b) Brokerage of direct insurance and reinsurance: 8 billion Vietnam dong;

Article 11. Application for licensing of establishment and operation of insurance enterprises organized as a limited liability business

1. The filled-in form of application for licensing as prescribed by the Ministry of Finance.
2. The draft charter of the enterprise as per Article 25 of the Enterprise Law.
3. The operational scheme for first 05 years, which is commensurate with the business lines to be licensed. Such scheme shall specify the target market, distribution channels and methods for generating operating provisions, reinsurance plans, capital investment, business performance and financial capacity of the insurance enterprise.
4. Copies of citizen identity cards or ID cards or passports or other valid personal identification papers; judicial records, resumes, copies of degrees and certificates of individuals to be appointed as the Chairperson of the Enterprise or of the Member's Council, General Director, actuaries or reserving actuaries, and chief accountant of the insurance enterprise.
5. The list of founders or contributors of 10% or more of the charter capital, with these documents:
 - a) Copies of incorporation decisions and certificates of business registration or equivalent documents;
 - b) The corporate charter;
 - c) Written decision(s) by competent persons of corporate investors on investment into the establishment of the insurance enterprise;
 - d) Written mandates and copies of the citizen identity cards or ID cards or passports or other valid personal identification papers of the representatives as mandated by corporate investors;
 - dd) Audited financial statements of 03 consecutive years that immediately precede the year that the application for licensing is submitted. If a foreign insurance enterprise mandates a subsidiary to invest in the incorporation of an insurance enterprise in Vietnam, the financial statements of that subsidiary shall be required;
 - e) Written mandates given by foreign insurance enterprises to outward investing subsidiaries and their undertakings to jointly assume liability for the latter's investment and duties regarding the incorporation of the insurance enterprise in Vietnam (if foreign insurance enterprises mandate outward investing subsidiaries to establish insurance enterprises in Vietnam).
6. Rules, terms and fee schedules of insurance products to be deployed.

7. The written attestation by a bank licensed to operate in Vietnam of the charter capital of the enterprise deposited in a frozen account in such bank.
8. The partnership agreement as per Article 19 of the Enterprise Law (if a domestic organization and a foreign organization jointly invest in the incorporation of the limited liability company with 2 or more members).
9. The written record(s) of meeting of shareholders (for an application for establishment of a limited liability company with 2 or more members) with regard to:
 - a) The consent to contribute capital to the incorporation of the insurance enterprise organized as a limited liability business, with the list of founders or contributors of 10% or more of the charter capital;
 - b) The approval of the Corporate Charter.
10. The written confirmation by competent authorities in the home country of the foreign corporate investor of:
 - a) The permission for the foreign organization to establish insurance enterprises in Vietnam. If no regulation in the home country of the foreign organization requires such written confirmation, relevant evidence(s) must be provided;
 - b) The foreign organization's ongoing operations in the sector that it intends to carry out in Vietnam;
 - c) The foreign organization's financial soundness and fulfillment of administrative requirements in its home country;
 - dd) No serious violation of the foreign organization of any laws on insurance business and other legal regulations in its home country for 03 consecutive years immediately preceding the year that the application for licensing is submitted.
11. The written confirmation by competent government authorities of the Vietnamese organization's fulfillment of financial safety requirements and permission to invest in the establishment of the insurance enterprise according to specialized laws.
12. The written confirmation(s) by investors of their fulfillment of requirements for licensing as defined in Section 1, Article 7 of this Decree.
13. The written mandate by an investor to an individual or organization to handle formalities for licensing.

Article 12. Application for licensing of establishment and operation of insurance enterprises organized as a joint-stock business

1. The filled-in form of application for licensing as prescribed by the Ministry of Finance.
2. The draft charter of the enterprise as per Article 25 of the Enterprise Law.
3. The operational scheme for first 05 years, which is commensurate with the business lines to be licensed. Such scheme shall specify the target market, distribution channels and methods for generating operating provisions, reinsurance plans, capital investment, business performance and financial capacity of the insurance enterprise.
4. Copies of citizen identity cards or ID cards or passports or other valid personal identification papers; judicial records, resumes, copies of degrees and certificates of individuals to be appointed as the Chairperson of the Board of Directors, General Director, actuaries or reserving actuaries, and chief accountant of the insurance enterprise.
5. The list of founding shareholders and the following papers:
 - a) For individuals:
 - The copy of the citizen identity card or ID card or passport or a valid personal identification paper; judicial record as per the law;
 - The written attestation by a bank of the balance of deposit(s) in Vietnam Dong or freely convertible currencies in that bank.
 - b) For organizations:
 - Copies of incorporation decisions and certificates of business registration or equivalent documents; those of foreign organizations must be consular legalized;
 - b) The corporate charter;
 - c) Written decision(s) by competent persons of corporate investors on investment into the establishment of the insurance enterprise;
 - Written mandates and copies of the citizen identity cards or ID cards or passports or other valid personal identification papers of the representatives as mandated by corporate investors;
 - Audited financial statements of 03 consecutive years that immediately precede the year that the application for licensing is submitted.
6. Rules, terms and fee schedules of insurance products to be deployed.
7. The written attestation by a bank licensed to operate in Vietnam of the charter capital of the enterprise deposited in a frozen account in such bank.
8. The written record(s) of shareholders' meeting(s) with regard to:

a) The consent to invest in the establishment of the insurance enterprise organized as a joint-stock business, with the list of founding shareholders;

b) The approval of the Corporate Charter.

9. The written mandates by shareholders to an individual or organization to handle formalities for licensing.

10. The written confirmation by competent government authorities of the Vietnamese organization's fulfillment of financial safety requirements and permission to invest in the establishment of the insurance enterprise according to specialized laws.

11. If a foreign corporate investor is an insurance enterprise, the application must include written confirmation(s) by competent authorities in its home country of:

a) The permission for the foreign insurance enterprise to establish insurance enterprises in Vietnam. If no regulation in the home country of the foreign enterprise requires such written confirmation, relevant evidence(s) must be provided;

b) The foreign insurance enterprise's ongoing operations in the sector that it intends to carry out in Vietnam;

c) The foreign insurance enterprise's financial soundness and fulfillment of administrative requirements in its home country;

d) No serious violation of the foreign organization of any laws on insurance business and other legal regulations in its home country for 03 consecutive years immediately preceding the year that the application for licensing is submitted.

12. The written confirmation(s) by shareholders of their fulfillment of requirements for licensing as defined in Section 2, Article 7 of this Decree.

Article 13. Application for licensing of establishment and operation of foreign branches

1. The filled-in form of application for licensing as prescribed by the Ministry of Finance.

2. The draft regulation of organization and operation of the foreign branch, which has been endorsed by the foreign non-life insurance enterprise.

3. The operational scheme for first 05 years, which is commensurate with the business lines to be licensed. Such scheme shall specify the methods for generating operating provisions, reinsurance plans, capital investment, business performance and financial capacity of the foreign branch.

4. Copies of citizen identity cards or ID cards or passports or other valid personal identification papers; judicial records, resumes, copies of degrees and certificates of individuals to be

appointed as the Director, actuaries or reserving actuaries, and chief accountant of the foreign branch.

5. Documents regarding the foreign non-life insurance enterprise:

a) Copies of incorporation decisions and certificates of business registration or equivalent papers certified by authorities, with which the foreign non-life insurance enterprise has registered, in at most 03 months prior to the date that the application for licensing is submitted;

b) The corporate charter;

c) The written decision(s) by competent persons of the foreign non-life insurance enterprise on the establishment of the branch in Vietnam;

d) Written mandates and copies of the citizen identity cards or ID cards or passports or other valid personal identification papers of the representative(s) as mandated by the foreign non-life insurance enterprise;

dd) Audited financial statements of 03 consecutive years that immediately precede the year that the application for licensing is submitted.

6. Rules, terms and fee schedules of insurance products to be deployed.

7. The written attestation by a bank licensed to operate in Vietnam of the funding deposited in a frozen account in such bank.

8. The written confirmation(s) by foreign insurance-regulating authorities in the home country of the foreign non-life insurance enterprise of:

a) The permission for the foreign non-life insurance enterprise to establish branches in Vietnam. If no regulation in the home country of the foreign non-life insurance enterprise requires such written confirmation, relevant evidence(s) must be provided;

b) The foreign non-life insurance enterprise's ongoing operations in the sector that it intends to carry out in Vietnam;

c) The foreign non-life insurance enterprise's financial soundness and fulfillment of administrative requirements in its home country;

d) No serious violation of the foreign non-life insurance enterprise of any laws on insurance business and other legal regulations of its home country for 03 consecutive years immediately preceding the year that the application for licensing is submitted.

9. The written undertaking(s) and mandate(s) of the foreign non-life insurance enterprise as per Section 2, Article 8 of this Decree.

Article 14. Application for licensing of establishment and operation of insurance broker enterprises

1. The filled-in form of application for licensing as prescribed by the Ministry of Finance.
2. The draft charter of the enterprise as per Article 25 of the Enterprise Law.
3. The operational scheme for first 05 years, which is commensurate with the business lines to be licensed. Such scheme shall specify the capital investment and business efficiency of the incorporation of the insurance broker enterprise.
4. Copies of citizen identity cards or ID cards or passports or other valid personal identification papers; judicial records, resumes, copies of degrees and certificates of the Chairperson of the Enterprise or Chairperson of the Member's Council or Chairperson of the Board of Directors, General Director, and chief accountant of the insurance broker enterprise.
5. The list of founding shareholders (or members) or contributors of 10% or more of the charter capital, with these documents:
 - a) For individuals:
 - The copy of the citizen identity card or ID card or passport or a valid personal identification paper; judicial record as per the law;
 - The written attestation by a bank of the balance of each individual's deposit(s) in Vietnam Dong or freely convertible currencies in the bank.
 - b) For organizations:
 - a) Copies of incorporation decisions and certificates of business registration or equivalent papers; however, copies of the certificates of business registration of foreign corporate investors must be certified by authorities, with which such organizations have registered, in at most 03 months prior to the date that the application for licensing is submitted;
 - b) The corporate charter;
 - Written decision(s) by competent persons of corporate investors on investment into the establishment of the insurance broker enterprise in Vietnam;
 - Written mandates and copies of the citizen identity cards or ID cards or passports or other valid personal identification papers of the representatives as mandated by corporate investors;
 - Audited financial statements of 03 consecutive years that immediately precede the year that the application for licensing is submitted;

- The written confirmation by competent government authorities of the Vietnamese organization's fulfillment of financial safety requirements and permission to invest in the establishment of the insurance broker enterprise according to specialized laws.
- 6. The written attestation by a bank licensed to operate in Vietnam of the charter capital of the enterprise deposited in a frozen account in such bank.
- 7. The partnership agreement as per Article 19 of the Enterprise Law (if a domestic organization and a foreign organization jointly invest in the incorporation of the limited liability company with 2 or more members).
- 8. Written records of founding members' or shareholders' meetings with regard to:
 - a) The consent to contribute capital to the incorporation of the insurance broker enterprise organized as a limited liability or joint-stock business, with the list of founding members or shareholders, or contributors of 10% or more of the charter capital;
 - b) The approval of the Corporate Charter.
- 9. The written mandates by founding members or shareholders to an individual or organization to handle formalities for licensing.
- 10. The written confirmation(s) by competent authorities in the home country of the foreign insurance broker enterprise of:
 - a) The permission for the foreign insurance broker enterprise to establish insurance broker enterprises in Vietnam. If no regulation in the home country of the foreign enterprise requires such written confirmation, relevant evidence(s) must be provided;
 - b) The foreign enterprise's ongoing operations in insurance brokerage;
 - c) No serious violation of the foreign organization of any laws on insurance brokerage and other legal regulations in its home country for 03 consecutive years immediately preceding the year that the application for licensing is submitted.
- 11. The written confirmation(s) by investors of their fulfillment of requirements for licensing as defined in Article 9 of this Decree.

Article 15. Procedure for licensing of establishment and operation

- 1. The application for licensing shall consist of 01 set of original documents and 02 sets of copies. The documents in each set of the application for licensing by a foreign entity shall include 01 original (or copy) in English or 01 translated copy in Vietnamese. Documents in the application for licensing, which bear signatures, titles and seals of foreign entities, must be consular legalized. Copies and translated copies in Vietnamese must be endorsed by Vietnamese

notary agencies as per the law on notarization. Applicants shall be held liable for the accuracy of their application for licensing.

2. In 21 working days upon receiving an application for licensing, the Ministry of Finance shall notify in writing of its request for amendments to the documents that are inadequate and invalid. The investor shall be given 06 months upon such notification to revise and supplement the documents. If the investor fails to revise and supplement the application in the defined time, the Ministry of Finance shall reject the application in writing.

3. In 60 days upon receiving the valid and adequate application, the Ministry of Finance shall issue the license to the insurance enterprise, foreign branch or insurance broker enterprise. Ministry of Finance, if rejecting an application, shall provide explanations in writing. Ministry of Finance shall only refuse to license investors or insurance enterprises, foreign branches or insurance broker enterprises being incorporated if they fail the requirements for licensing according to this Decree.

Article 16. Procedure after the licensing of establishment and operation of insurance enterprises, foreign branches and insurance broker enterprises

1. In 30 days upon being licensed, an insurance enterprise, foreign branch or insurance broker insurance must publish primarily the following details on newspaper in 05 consecutive issues:

a) Name and address of the insurance enterprise or insurance broker enterprise, its head office, branches and representative offices; name and address of the foreign branch;

b) Content, scope and duration of operations;

c) Level and contributed amount of the charter capital of the insurance enterprise or insurance broker enterprise; the allocated capital of the foreign branch;

d) Full name of the legal representative of the insurance enterprise, foreign branch or insurance broker enterprise;

dd) Code and issue date of the License;

e) Licensed practices of insurance and insurance brokerage.

2. In 60 days upon being licensed, the insurance enterprise or foreign branch must deposit a part of its charter capital contributed or funded in a commercial bank operating in Vietnam. The deposit shall be 2% of the legal capital as defined in Article 10 of this Decree.

3. In 12 months upon being licensed, the insurance enterprise, foreign branch or insurance broker enterprise must fulfill these formalities to initiate official operations:

a) Convert the deposit in frozen account to the charter capital (or the allocated capital);

- b) Register the seal and tax code, and open checking account(s) as per the law;
 - c) Set up the information technology infrastructure, equipment and software pertinent to corporate management and state management of insurance business;
 - d) Handle formalities to request the Ministry of Finance's approval of methods for generating operating provisions, to register insurance products (for insurance enterprises and foreign branches) and to endorse managerial personnel;
 - dd) Promulgate processes for deployment, appraisal, claim payment, internal control, financial management and investment and administrant of reinsurance plans (for insurance enterprises and foreign branches).
4. If insurance enterprises, foreign branches and insurance broker enterprises fail to complete the formalities defined in Article 3 within 12 months upon being licensed, the Ministry of Finance shall revoke the license.
5. Insurance enterprises, foreign branches and insurance broker enterprises, during their operations, shall have all changes approved by the Ministry of Finance according to Section 1, Article 69 of the Law on business insurance and Section 9, Article 1 of the Law on amendments to the Law on insurance business. Moreover, they must announce such changes according to Section 1 of this Article.

Part 2. REVISION TO THE LICENSE OF ESTABLISHMENT AND OPERATION OF INSURANCE ENTERPRISES, FOREIGN BRANCHES AND INSURANCE BROKER ENTERPRISES

Article 17. Change of name of insurance enterprises, foreign branches and insurance broker enterprises

1. The application for change of name of an insurance enterprise, foreign branch or insurance broker enterprise shall include:
- a) The filled-in form of application for business name change as prescribed by the Ministry of Finance;
 - b) The written decision by competent persons as per the corporate charter (of the insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (of the foreign branch) on the change of the name of the enterprise or branch.
2. Ministry of Finance, in 14 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

Article 18. Adjustment of charter capital or allocated capital

1. The application for the Ministry of Finance's approval in principle of an increase in charter capital (for an insurance enterprise or insurance broker enterprise) or in allocated capital (for a foreign branch) includes:

a) The filled-in form of application for adjustment of charter capital or allocated capital as prescribed by the Ministry of Finance;

b) The written decision by competent persons as defined in the corporate charter (for an insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (for a foreign branch) on the increase in charter capital (or allocated capital). Such decision must specify the amount, method and time of increase.

c) The plan for mobilization and utilization of the charter capital or allocated capital;

d) The list of shareholders (or members) expectedly holding 10% or more of the increased charter capital of the insurance enterprise or insurance broker enterprise, and written evidences of their satisfaction of the requirements defined in Article 7, Article 8 and Article 9 of this Decree (depending on the type of business). This stipulation does not apply to shareholders (or members) who have held at least 10% of the charter capital of the insurance enterprise or insurance broker enterprise before the charter capital is increased through public offering of shares or offering of shares of a public listed joint-stock company.

2. The application for the Ministry of Finance's approval in principle of a decrease in charter capital (for an insurance enterprise or insurance broker enterprise) or in allocated capital (for a foreign branch) includes:

a) The filled-in form of application for adjustment of charter capital or allocated capital as prescribed by the Ministry of Finance;

b) The written decision by competent persons as defined in the corporate charter (for an insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (for a foreign branch) on the decrease in charter capital (or allocated capital). Such decision must specify the amount, method and time of decrease.

c) The scheme for decrease of charter capital or allocated capital must evince that the insurance enterprise, foreign branch or insurance broker enterprise meets all financial requirements defined in this Decree.

3. Ministry of Finance, in 14 working days upon receiving the valid and adequate application, shall issue its written approval in principle. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

4. If the charter capital is increased through public offering of shares or offering of shares of a public listed joint-stock company, the insurance enterprise or insurance broker enterprise shall adhere to the Securities Law after acquiring the approval in principle of the Ministry of Finance.

5. In 06 months after obtaining the approval in principle by the Ministry of Finance of the application for adjustment of charter capital or allocated capital, the insurance enterprise, foreign branch or insurance broker enterprise shall complete such change and present 01 set of the following documents to the Ministry of Finance:

- a) The summary report on the adjustment of the charter capital (or allocated capital) in comparison with the capital adjustment scheme approved by the Ministry of Finance;
- b) The written attestation by a bank of shareholders' or members' full deposit in the frozen account in such bank as the additional capital contribution to the insurance enterprise or insurance broker enterprise; or the bank's written attestation of the foreign non-life insurance enterprise's allocation of additional capital of the foreign branch into the frozen account. Such attestation is required in case of capital increase;
- c) Evidences of the insurance enterprise's or insurance broker enterprise's settlement of all payments to shareholders (or members); or the foreign branch's transfer of the full amount of capital decreased back to the foreign non-life insurance enterprise (in case of capital decrease);
- d) Other documents as defined in Point d, Section 1 of this Article if the charter capital is increased through public offering of shares or offering of shares of a public listed joint-stock company.

6. Ministry of Finance, in 14 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

7. In 06 months after obtaining the approval in principle by the Ministry of Finance of the application for adjustment of charter capital or allocated capital, the insurance enterprise, foreign branch or insurance broker enterprise must report to the Ministry of Finance if the former fails to implement the approved scheme for capital adjustment.

8. Single-member limited liability companies cannot decrease the charter capital.

Article 19. Establishment and closure of branches, representative offices and business facilities

1. An insurance enterprise or insurance broker enterprise must satisfy the following requirements to establish a branch or representative office or convert a representative office to a branch:

- a) The owner's equity in the nearest financial statement is not lower than the legal capital defined in Article 10 of this Decree;
- b) Adhere to regulations on solvency margin;

c) The total sum of fines, if incurred in 12 months prior to the application for establishment of the branch or representative office for any administration violations regarding insurance business, does not add up to VND 400 million;

d) Set up the regulation of organization and operation for the branch or representative office; have evidences of the right to use the location of the branch or representative office.

dd) Director of the Branch or Head of the representative office meets the requirements defined in Article 29 of this Decree;

e) Have submitted an application for establishment of the branch or representative office or for conversion of a representative to a branch according to Section 2 of this Article.

2. The application for establishment of a branch or representative office or for conversion of a representative office to a branch includes:

a) The filled-in form of application for establishment of the branch or representative office as prescribed by the Ministry of Finance;

b) The draft of the regulation of organization and operation of the branch or representative office as per the law;

c) Evidences of the insurance enterprise or insurance broker enterprise's satisfaction of requirements for the owner's equity and solvency margin according to Point a and b, Section 1 of this Article;

d) Judicial records, copies of citizen identity cards or ID cards or passports or other valid personal identification papers, resumes, copies of degrees and certificates of qualification and experience of individuals to be appointed as the Director of the branch or Head of the representative office;

dd) Evidences of the right to use the location of the branch or representative office.

e) The written decision by competent persons as defined in the corporate charter on the establishment of the branch or representative office.

3. An insurance enterprise or insurance broker enterprise must satisfy the following requirements to close a branch or representative office:

a) Have applied in writing for the closure of the branch or representative office according to Section 4 of this Article;

b) The closure of the branch or representative office does not impair the duties towards the state, policyholders' interests and other related entities.

4. The application for closure of a branch or representative office includes:

- a) The filled-in form of application for closure of the branch or representative office as prescribed by the Ministry of Finance;
- b) The written decision by competent persons as defined in the corporate charter on the closure of the branch or representative office.
- c) Operational reports of the branch or representative office in 03 nearest years. If the operational time of the branch or representative office is less than 03 years, the report shall indicate activities since operational initiation;
- d) The report(s) on responsibilities, issues and solutions related to the closure of the branch or representative office.

5. Ministry of Finance, in 14 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

6. Insurance enterprises, foreign branches and insurance broker enterprises can establish or close business facilities at their own discretion. In 10 working days upon deciding the establishment or closure of a business facility, an insurance enterprise, foreign branch or insurance broker enterprise shall notify the Ministry of Finance in writing. The notification of the establishment of a business facility shall specify:

- a) Name and address of the business facility;
- b) Activities of the business facility;
- c) Full name and place of residence of the head of the business facility and the copy of his citizen identity card, ID card, passport or valid personal identification paper.

7. When establishing or closing an overseas branch or representative office, an insurance enterprise or insurance broker enterprise shall follow Section 1, Section 2, Section 3 and Section 4 of this Article and legal regulations on outward direct investment.

Article 20. Relocation of head office, branches, representative offices and business facilities

1. The application for change of address of the head office, branch or representative office includes:

- a) The filled-in form of application for change of address of the head office, branch or representative office, as prescribed by the Ministry of Finance;
- b) The written decision by competent persons as per the corporate charter (of the insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (of the foreign branch) on the change of address of the head office, branch or representative office;

c) Evidences of the right to use the location of the head office, branch or representative office.

2. Ministry of Finance, in 07 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

3. In 10 working days upon deciding the change of address of a business facility, an insurance enterprise, foreign branch or insurance broker enterprise shall notify the Ministry of Finance in writing.

Article 21. Revision to the content, scope and duration of operations

1. Insurance enterprises, foreign branches or insurance broker enterprises must satisfy the following requirements to extend the content, scope or duration of operations:

a) The requirements as stated in Point a, Point b and Point c, Section 1, Article 19 of this Decree.

b) The head of the insurance service division invokes the Ministry of Finance's endorsement of eligibility as defined in Article 30 of this Decree.

c) For providers of retirement insurance:

- Have the solvency margin higher than the minimum solvency margin by VND 300 billion;

- Extract at least VND 200 billion from the owner's equity to generate the voluntary pension fund;

- Operate the information technology system that monitors and manages details of every transaction of each retirement insurance account;

- Assign at least 05 persons managing directly the voluntary pension fund. Each person must have at least 05 years' experience in managing a pension fund or policyholder fund.

d) For providers of unit-linked insurance:

- Have the solvency margin higher than the minimum solvency margin by VND 200 billion;

- Operate an information technology system suitable for managing and controlling unit-linked funds in prudent and effective manner;

- Be capable for valuing assets and units in a unit-linked fund in unbiased and precise manner on weekly basis, and publish the selling and purchase prices of units to the insurance buyers.

dd) For providers of universal life insurance:

- Have the solvency margin higher than the minimum solvency margin by VND 100 billion;

- Operate an information technology system suitable for managing and controlling universal life funds in prudent and effective manner;

e) Abide by guiding documents by the Government or Prime Minister on certain insurance products.

2. Insurance enterprises, foreign branches or insurance broker enterprises, when narrowing the content, scope or duration of their operations as defined in the license, must assure that such restraints do not impair the duties towards the state, policyholders' interests and related entities.

3. The application for change(s) to the content, scope and duration of operations includes:

a) The filled-in form of application for change(s) to the content, scope and duration of operations, as prescribed by the Ministry of Finance;

b) The written decision by competent persons as per the corporate charter (of the insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (of the foreign branch) on changes to the content, scope and duration of operations.

c) Rules, terms and fee schedules of (any) insurance products to be deployed upon the extension of the content and scope of operations;

d) Written evidences of the insurance enterprise's, foreign branch's or insurance broker enterprise's abidance by the requirements defined in Section 1 of this Article for the extension of the content, scope and duration of operations;

dd) The report(s) by the insurance enterprise, foreign branch or insurance broker enterprise on responsibilities, issues and solutions for the shrinkage of the content and scope of operations.

4. Ministry of Finance, in 14 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

Article 22. Division, consolidation, merger, conversion, transfer of shares

1. Division, consolidation, merger and conversion of insurance enterprises, foreign branches and insurance broker enterprises as well as transfer of shares thereof shall:

a) Cause no damage to the legitimate rights and interests of insurance buyers, employees and the Government;

b) Adhere to relevant laws and regulations;

c) Obtain the written approval of the Ministry of Finance (except transfer of less than 10% of the charter capital);

d) The requirements defined in Article 7, Article 8 and Article 9 of this Decree (depending on the type of business) must be satisfied by organizations and individuals expectedly investing in an insurance enterprise, foreign branch or insurance broker enterprise after being divided, consolidated, merged, converted or transferred.

dd) The requirements defined in Article 7, Article 8 and Article 9 of this Decree (depending on the type of business ensuing after the division, consolidation, merger, conversion and share transfer) must be fulfilled by the insurance enterprise, foreign branch or insurance broker enterprise after being divided, consolidated, merged, converted or transferred.

2. The application for division, consolidation, merger, conversion or transfer of at least 10% of the charter capital includes:

a) The filled-in form of application for division, consolidation, merger, conversion and share transfer, as prescribed by the Ministry of Finance;

b) The written approval by competent persons as defined in the corporate charter (of the insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (of the foreign branch) of the division, consolidation, merger, conversion or share transfer;

c) The report on arrangements for apportionment and settlement of insurance contracts in effect, liabilities, duties towards the state, and commitments to employees after the division, consolidation, merger, conversion or transfer of the insurance enterprise, foreign branch or insurance broker enterprise;

d) The list of shareholders (or members), amount and structure of the charter capital of the insurance enterprise or insurance broker enterprise after being divided, consolidated, merged, converted or transferred;

dd) The notarized copy of the principle contract for consolidation, merger or transfer (except insurance enterprises organized as a public listed joint-stock company);

e) Opinions of valuation bodies, which indicate the ratio of share conversion or value of stakes (in case of consolidation or merger) or the value of assets apportioned to parties involved (in case of division);

g) The notarized copies of the audited financial statements in 03 years immediately preceding the year that an organization offers its consolidation or merger with the insurance enterprise, foreign branch or insurance broker enterprise;

h) Written evidences of the adherence of the insurance enterprise, foreign branch or insurance broker insurance, after being divided, consolidated, merged or converted, its investors and managers to Section 1 of this Article;

i) Insurance enterprises organized as a public listed joint-stock company may not submit the documents defined in Point d, Point dd and Point h of this Article.

3. Ministry of Finance, in 30 days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

4. In 10 working days upon the completion of the division, consolidation, merger, conversion or share transfer according to the approved plan, the insurance enterprise, foreign branch or insurance broker enterprise must report the result of such process to the Ministry of Finance. Insurance enterprises organized as a public listed joint-stock company shall present the documents defined in Point d, Point dd and Point h, Section 1 of this Article. The insurance enterprise, foreign branch or insurance broker enterprise, if failing the approved plan, must report to the Ministry of Finance for solutions.

5. In 10 working days upon receiving the report and relevant documents from the insurance enterprise, foreign branch or insurance broker enterprise on the result of the division, consolidation, merger or conversion, the Ministry of Finance shall issue the license or amended license.

Article 23. Dissolution of insurance enterprises and insurance broker enterprises, shutdown of foreign branches

1. In the following events, an insurance enterprise or insurance broker enterprise shall dissolve or a foreign branch shall shut down:

- a) The duration of operation, as shown in the license, expires without being extended or approved for extension;
- b) The enterprise or branch is capable of repaying debts and voluntarily dissolves or shuts down;
- c) The license is revoked;
- d) Insolvency as determined by the Ministry of Finance (only applicable to foreign branches);
- dd) The foreign non-life insurance enterprise is stripped of its license, dissolved or bankrupt or its duration expires (only applicable to foreign branches).

2. The application for dissolution of an insurance enterprise or insurance broker enterprise or shutdown of a foreign branch includes:

- a) The filled-in form of application for dissolution or shutdown, as prescribed by the Ministry of Finance;

b) The written decision by competent persons as defined in the corporate charter (of the insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (of the foreign branch);

c) The written decision by competent government authorities on the events as stated in Point a (i.e. rejection of the application for extension), Point c, Point d and Point dd, Section 1 of this Article;

d) Written evidences of the insurance enterprise's, foreign branch's or insurance broker enterprise's settlement of all debts and financial obligations and undertaking of no involvement in any disputes through any court or arbitration (in case of voluntary dissolution or shutdown as per Point b, Section 1 of this Article), as follows:

- The report on settlement of duties towards employees as per the law;
- The report of settlement of liabilities towards insurance buyers, which include the settlement of liabilities ensuing from insurance contracts and the transfer of insurance contracts as per regulations (for insurance enterprises and foreign branches);
- The report on settlement of duties towards the state and other creditors;
- The notarized copy of the written confirmation by tax authorities of the fulfillment of tax payments;
- Other written evidences (if any).

dd) The license of establishment and operation.

3. In 14 working days upon receiving the valid and adequate application, the Ministry of Finance shall issue a decision to dissolve the insurance enterprise or insurance broker enterprise or to shut down the foreign branch.

Chapter III

ORGANIZATION AND OPERATION OF INSURANCE ENTERPRISES, FOREIGN BRANCHES AND INSURANCE BROKER ENTERPRISES

Part 1. ORGANIZATION AND OPERATION

Article 24. Organizational structure of insurance enterprises, foreign branches and insurance broker enterprises

1. The organizational structure of an insurance enterprise or insurance broker enterprise consists of:

a) Head office;

- b) Branches, operations centers, accounting dependent affiliates (referred to as branches) of the insurance enterprise or insurance broker enterprise shall carry out all or parts of the enterprise's functions including mandated representation;
- c) Representative offices as dependent units of the insurance enterprise or insurance broker enterprise shall carry out mandated representation for the enterprise's interests and protection of such interests;
- d) Business facilities and transaction offices (referred to as business facilities) are the sites where the enterprise conducts specific business activities.

2. Foreign branches cannot establish inferior branches in Vietnam.

Article 25. Managerial and operational personnel of insurance enterprises, foreign branches and insurance broker enterprises

1. Managerial and operational personnel as per this Decree include:

- a) Chairperson of the Board of Directors (Chairperson of the Members' Council, Chairperson of the Enterprise); members of the Board of Directors (members of the Members' Council);
- b) Head of the Control Committee; Head of the Internal Audit Committee; controllers (if the enterprise does not have a Control Committee);
- c) General Director (Director); Deputy General Directors (Vice Directors);
- d) Heads of internal control and internal audit; chief accountant; branch directors, heads of representative offices; heads of specialized divisions; actuaries (in life insurance enterprises or health insurance enterprises); reserving actuaries (in non-life insurance enterprises or foreign branches).

2. Principle of appointment

- a) A member of the Board of Directors or the Members' Council of an insurance enterprise or insurance broker enterprise shall not simultaneously be a member of the Board of Directors or Members' Council of another enterprise operating in the same industry (non-life insurance, life insurance, reinsurance or insurance brokerage);
- b) General Director (Director), Deputy General Director (Vice Director) of an insurance enterprise, foreign branch or insurance broker enterprise shall not simultaneously work for another insurance enterprise, foreign branch or insurance broker enterprise operating in the same industry in Vietnam. General Director (Director) of an insurance enterprise, foreign branch or insurance broker enterprise shall not be a member of the Board of Directors or Members' Council of another insurance enterprise or insurance broker enterprise operating in the same industry in Vietnam;

c) General Director (Director), Deputy General Director (Vice Director), branch directors and heads of representative offices of an insurance enterprise or insurance broker enterprise can simultaneously hold the executive title in at most 01 branch or representative office or specialized division in the insurance enterprise or insurance broker enterprise. Directors and Vice Directors of a foreign branch can simultaneously hold the executive title in at most 01 specialized division of the branch;

d) Actuaries of a life insurance enterprise or health insurance enterprise and reserving actuaries of a non-life insurance enterprise, reinsurance enterprise or foreign branch shall maintain financial safety of the insurance enterprise or foreign branch. Actuaries and reserving actuaries shall carry out independent specialized activities and not simultaneously hold the title of General Director (Director) or chief accountant.

Article 26. General criteria of managerial and operational personnel

1. Incur no prohibition from corporate management as defined in Section 2, Article 18 of the Enterprise Law.

2. In 03 consecutive years prior to appointment, the managerial and operational personnel:

a) Have not committed any administrative violations regarding insurance business, which led to their discharge endorsed by the Ministry of Finance from management and operation or the suspension of their titles previously designated an insurance enterprise, insurance broker enterprise or foreign branch;

b) Have not incurred a disciplinary penalty of dismissal for their violation of internal procedures in deployment, appraisal, claim payment, internal control, financial management and investment, management of reinsurance plans in an insurance enterprise or foreign branch, or for their violation of professional processes of insurance brokerage, internal control and occupational ethics in an insurance broker enterprise;

c) Have not been directly involved in any charges pressed by competent authorities as per the law upon their appointment.

Article 27. Criteria of members of the Board of Directors, members of the Members' Council, heads of the Control Committee, controllers and head of the Internal Audit Committee

1. As per the general requirements defined in Article 26 of this Decree.

2. Possess a university degree or postgraduate degree.

3. Have involved themselves in the industries of insurance, finance and banking for at least 05 years with regard to the Chairperson of the Board of Directors or of the Members' Council, 03 years with regard to members of the Board of Directors or of the Members' Council, Head of the Control Committee, Controllers (if the enterprise has not a Control Committee), Head of the

Internal Audit Committee; otherwise, have at least 03 years' experience in management and operation of an enterprise in the sectors of insurance, finance and banking.

4. Board of Directors and Control Committee (of a joint-stock company) must maintain the quantity of members residing permanently in Vietnam as per the Enterprise Law and the corporate charter.

5. Head of the Control Committee and Controllers (if the enterprise has not a Control Committee) must be in charge of specialized tasks in insurance enterprises and insurance brokers enterprises.

Article 28. Criteria of General Directors (Directors) or legal representatives

1. As per the general requirements defined in Article 26 of this Decree.

2. Possess a university degree or postgraduate degree.

3. Possess a degree or certificate of training in insurance as awarded by an insurance training institution legally incorporated and operated abroad or domestically.

4. Have worked in the industries of insurance, finance and banking for at least 5 years, 03 of which were dedicated to a managerial and operational post, according to Article 25 of this Decree, in an insurance enterprise, foreign branch or insurance broker enterprise or a government authority managing the insurance sector.

5. Reside in Vietnam during the term of office.

Article 29. Criteria of Deputy General Directors (Vice Directors), Chief accountants, Directors of branches, Heads of representative offices

1. As per the general requirements defined in Article 26 of this Decree.

2. Possess a university degree or postgraduate degree.

3. Possess a degree or certificate of training in insurance as awarded by an insurance training institution legally incorporated and operated abroad or domestically.

4. Have at least 03 years' work experience in insurance, finance and banking or in professional sectors of which they shall be in charge.

5. Chief accountants, apart from the criteria defined in Section 1, Section 2 and Section 3 of this Article, must meet requirements and criteria for a chief account as per accounting regulations and have at least 03 years' work experience in accounting or auditing in the sector of insurance.

6. Reside in Vietnam during the term of office.

Article 30. Criteria of heads of specialized divisions

1. As per the general requirements defined in Article 26 of this Decree.
2. Possess a university degree or postgraduate degree.
3. Possess a degree or certificate of training in insurance, which is pertinent to their assignments and awarded by a training institution legally incorporated and operated abroad or domestically. Heads of reinsurance or investment divisions must possess a degree or certificate of training in reinsurance or investment as awarded by an insurance training institution legally incorporated and operated abroad or domestically.
4. Have at least 03 years' work experience in insurance or professional sectors of which they shall be in charge.
5. Reside in Vietnam during the term of office.

Article 31. Criteria of actuaries in life insurance enterprises and health insurance enterprises

1. As per the general requirements defined in Article 26 of this Decree.
2. Have been trained and carried out actuarial works for least 10 years in the sector of life insurance and health insurance and have been a fellow of one of internationally recognized societies of actuaries such as: Society of actuaries in United Kingdom, Society of actuaries in the US, Society of actuaries in Australia, Society of actuaries in Canada or a Society of actuaries, which is an official member of an international Society of actuaries; otherwise, have carried out actuarial works for at least 05 years in the sector of life insurance and health insurance upon their fellowship in one of such societies.
3. Have not violated actuaries' occupational ethics.
4. Have been employed by a life insurance enterprise or health insurance enterprise.
5. Reside in Vietnam during the term of office.

Article 32. Reserving actuaries of non-life insurance enterprises, reinsurance enterprises and foreign branches

1. Reserving actuaries in a non-life insurance enterprise, reinsurance enterprise or foreign branch must meet these criteria:
 - a) The general requirements defined in Article 26 of this Decree.
 - b) Be an associate of a Society of actuaries, which is an official member of an international Society of actuaries; or

c) Have at least 05 years' work experience in the sector of non-life insurance and possess evidence(s) of their passing of at least 02 exams held by one of these societies: Society of actuaries in United Kingdom, Society of actuaries in the US, Society of actuaries in Australia, Society of actuaries in Canada; otherwise, have evidence(s) of their accomplishment of actuarial courses and programs recognized by such societies as equivalent to two of their exams;

d) Have not violated actuaries' occupational ethics.

2. Non-life insurance enterprises, reinsurance enterprises and foreign branches shall employ reserving actuaries in the following manner:

a) Employ their personnel;

b) Hire actuaries from actuarial service providers;

c) Hire or employ actuaries from the main investor or the parent company or another enterprise in their group.

Article 33. Criteria of insurance brokers

Employees of insurance broker enterprises, who directly carry out insurance brokerage as per Article 90 of the Insurance Business Law, must possess a certificate of training in insurance or insurance brokerage as awarded by an insurance training institution legally incorporated and operated abroad and domestically.

Article 34. Procedure for appointment and replacement of managerial and operational personnel of insurance enterprises, foreign branches and insurance broker enterprises

1. Insurance enterprises, foreign branches and insurance broker enterprises must acquire a written approval by the Ministry of Finance of their appointment and replacement of:

a) Chairperson of the Board of directors (Chairperson of the Members' council, Chairperson of the enterprise);

b) General Director (Director);

c) Actuaries in life insurance enterprises and health insurance enterprises;

d) Reserving actuaries in non-life insurance enterprises, reinsurance enterprises and foreign branches.

2. The application for appointment and replacement of titles as stated in Section 1 of this Article includes:

a) The filled-in form of application for appointment or replacement as prescribed by the Ministry of Finance;

b) The written decision by competent persons as per the corporate charter (of the insurance enterprise or insurance broker enterprise) or the regulation of organization and operation (of the foreign branch);

c) Judicial records, copies of citizen identity cards or ID cards or passports or other valid personal identification papers, resumes, copies of degrees and certificates of qualification and experience of individuals to be appointed or to take place;

d) The written undertaking(s) of the individual(s) to be appointed or to take place in the insurance enterprise, foreign branch or insurance broker enterprise upon approval of the Ministry of Finance.

3. Ministry of Finance, in 07 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

4. Insurance enterprises, foreign branches and insurance broker enterprises shall be responsible for the appointment or replacement of other managerial and operational titles not defined in Section 1 of this Article.

Article 35. Informational technology system

Insurance enterprises, foreign branches and insurance broker enterprises shall actively set up, maintain and operate the information technology infrastructure, equipment and software as per the law on insurance business and corporate management.

Article 36. Internal control and internal audit

1. Insurance enterprises, foreign branches and insurance broker enterprises must formulate, implement and supervise regulations on internal designation of responsibilities, procedures for product research and development, deployment, appraisal, claim payment, reinsurance (in insurance enterprises and foreign branches), insurance brokerage (in insurance broker enterprises) and other specialized practices as per the law.

2. Insurance enterprises, foreign branches and insurance broker enterprises must set up internal system(s) of internal control and internal audit to maintain the safety and legitimacy of their operations.

3. Internal control activities must be independent from operational and business activities. The division of internal audit must be separated from the division of internal control and must assess and expose, in timely manner, all risks against the efficiency and objectives of the insurance enterprise, foreign branch and insurance broker enterprise. Moreover, it must promptly report to competent persons of the enterprise and branch for suitable measures.

4. Insurance enterprises, foreign branches and insurance broker enterprises must regularly inspect the compliance with law, specialty procedures and internal regulations. Moreover, they

shall directly inspect and control specialized practices in every aspect of their head office, branches, representative offices and business facilities in order to evaluate the business result and financial status of the enterprises in accurate manner.

5. On annual basis, insurance enterprises, foreign branches and insurance broker enterprises must conduct internal audits over their operations.

6. The findings of internal audit and internal control must be presented in writing and archived by the insurance enterprises, foreign branches and insurance broker enterprises.

Part 2. INSURANCE BUSINESS ACTIVITIES

Article 37. Content of activities

1. Insurance enterprises and foreign branches are permitted to operate as per Section 1, Article 60 of the Law on insurance business.

2. Life insurance enterprises are not allowed to conduct non-life insurance business and vice versa.

3. Life insurance enterprises and non-life insurance enterprises are allowed to conduct health insurance business.

4. A foreign branch shall only conduct practices and sell insurance products that the relevant foreign non-life insurance enterprise is permitted to trade in as per regulations of its home country.

Article 38. Sale of insurance products

1. Insurance enterprises and foreign branches are entitled to sell insurance products in the following manner:

a) Directly;

b) Via insurance agencies and insurance brokers;

c) Via auctions;

d) Via electronic transactions;

dd) Other methods as per the law.

2. Insurance enterprises and foreign branches can only sell insurance products in conformity to the content and scope of operations as defined in their licenses.

3. Insurance enterprises and foreign branches cannot compel organizations and individuals to purchase insurance in any manner.

4. The sale and purchase of insurance via auctions must conform to laws on auction and regulations on rules, terms and fee schedules of insurance according to Article 39 of this Decree.

Article 39. Rules, terms and fee schedules of insurance

1. Ministry of Finance shall define rules, terms and fee schedules of insurance as well as minimum payout of each type of compulsory insurance.

2. Insurance products shall be regulated by the Government or decided by the Prime Minister via separate guiding documents.

3. Products of life insurance and health insurance, before deployed, must be endorsed by the Ministry of Finance.

4. For products of non-life insurance:

a) Non-life insurance enterprises and foreign branches must register their rules, terms and fee schedules of vehicle insurance products, before deployed, with the Ministry of Finance. Ministry of Finance shall be responsible for announcing the pure premiums pertinent to fundamental insurance conditions and liabilities as the basis of insurance pricing;

b) Non-life insurance enterprises and foreign branches can formulate the rules, terms and fee schedules of other non-life insurance products at their own discretion.

5. The rules, terms and fee schedules that insurance enterprises and foreign branches formulate must:

a) Conform to the law, common practices, ethical standards, culture and traditions of Vietnam;

b) Adopt a precise, simple and comprehensible style of writing and clarify terminologies;

c) Specify the benefits probably covered, the insured, scope and risk covered, rights and duties of the buyer and the insured, liabilities of insurance providers, waiver of insurance liabilities, payout methods and dispute settlement;

d) Premiums shall be determined on the basis of statistical data and solvency of insurance enterprises and foreign branches and in accordance with insurance conditions and liabilities;

6. Insurance enterprises and foreign branches shall be responsible for abiding by the rules, terms and fee schedules endorsed by or registered with the Ministry of Finance. Revisions, before adopted, must be endorsed by or registered with the Ministry of Finance.

7. Insurance enterprises and foreign branches must announce the following information on permissible insurance products: Rules, terms, fee schedules, insurance request forms and documents related to the making and implementation of insurance contracts on the websites of the Ministry of Finance, the Association of Vietnamese Insurers, insurance enterprises and foreign branches.

Article 40. Procedure for endorsement and registration of insurance products

1. Insurance enterprises and foreign branches must submit 01 application for endorsement of insurance products whose rules, terms and fee schedules are endorsed by the Ministry of Finance according to Section 3, Article 39 of this Decree, as follows:

- a) The filled-in form of application for product endorsement as prescribed by the Ministry of Finance;
- b) Rules, terms and fee schedules of insurance products to be deployed;
- c) Formulas, methods and explanation of technical grounds for pricing and reserving of insurance products to be deployed;
- d) Insurance request form, brochures, sales materials and other forms that buyers must fill in and sign upon purchase of insurance.

Ministry of Finance, in 21 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

2. Insurance enterprises and foreign branches shall submit 01 application for insurance products that must be registered with the Ministry of Finance according to Section 4, Article 39 of this Decree, as follows:

- a) The filled-in form of application for insurance product registration as prescribed by the Ministry of Finance;
- b) Rules, terms and fee schedules of insurance products to be deployed;
- c) Explanation of methods and technical grounds for insurance pricing.

Ministry of Finance, in 10 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

3. Ministry of Finance shall be the sole recipient of applications for endorsement and registration of insurance products. Ministry of Finance shall hold discussions with the Ministry of Industry and Trade to define the insurance products whose contracts must be registered in conformity to the universal template and conditions as per the Law on protection of consumer rights. In 03

working days upon endorsing the products in writing, the Ministry of Finance shall deliver the written endorsement and insurance products to the Ministry of Industry and Trade for registration of contracts in conformity to the universal template and conditions as per the Law on protection of consumer rights.

Article 41. Insurance sales commissions

Insurance enterprises and foreign branches can pay insurance sales commissions to insurance broker enterprises and insurance agencies as per regulations of the Ministry of Finance.

Part 3. REINSURANCE ACTIVITIES

Article 42. Reinsurance

1. An insurance enterprise or foreign branch may transfer a part but not all of its liability from an insurance contract to one or various (domestic and foreign) insurance enterprises and foreign branches.
2. The maximum level of liability that it retains for each risk or separate loss shall not exceed 10% of its owner's equity.
3. The maximum level of liability transferred by an insurance enterprise or foreign branch to reinsurers upon request(s) of a customer shall be 90% of the primary insurer's coverage.
4. An insurance enterprise or foreign branch can reinsure liabilities that another insurance enterprise has insured. Insurance enterprises and foreign branches, when undertaking reinsurance, must evaluate risks to in comparison with their solvency. Risks passed under a reinsurance agreement cannot be reinsured again.
5. Ministry of Finance shall provide guidelines for reinsurance and retention limit to insurance enterprises, reinsurance enterprises and foreign branches.

Article 43. Requirements for foreign reinsurance enterprises

1. Foreign reinsurance enterprises legally operate and fulfill requirements for solvency as per the law in their home country.
2. Major reinsurers and reinsurers of at least 10% of total liability under a reinsurance agreement must be ranked at least "BBB" by Standard & Poor's or Fitch, "B++" by A.M. Best, "Baal" by Moody's or earn an equivalent rank given by other experienced ranking organizations in the fiscal year that is most adjacent to the making of the reinsurance agreement.
3. If an insurance enterprise, reinsurance enterprise or foreign branch undertakes reinsurance on behalf of its parent company in a foreign country or another company in the same group but such company's credit has not been rated as stated above, the enterprise or foreign branch must send to the Ministry of Finance the written confirmation by insurance-regulating authorities in the

home country of the reinsurer of the overseas reinsurer's solvency in the fiscal year nearest to the year that reinsurance occurs.

Part 4. REINSURANCE BROKERAGE

Article 44. Content of insurance brokers' activities

1. Provide the information on insurance types, conditions, terms, premiums and insurance enterprises to the buyers.
2. Provide advices to the buyers with regard to risk analysis, insurance choice, conditions, terms, fee schedules and insurance enterprises.
3. Negotiate and arrange insurance contracts between an insurance enterprise and a buyer.
4. Carry out other tasks in relation to the implementation of insurance contracts upon buyers' requests.

Article 45. Prohibitions regarding insurance brokerage

1. Obstruct the buyer and the insured to disclose information on an insurance contract or incite them not to declare details of an insurance contract.
2. Promise customers illegal interests to incite them to enter an insurance contract.
3. Incite buyers to terminate existing insurance contracts to enter new ones.
4. Advise customers to purchase insurance from an insurance enterprise or foreign branch that offers less favorable conditions and terms than another enterprise or foreign branch for a higher brokerage commission.
5. Provide customers with information that misleads and conflicts with the insurance conditions and terms of an insurance enterprise.

Part 5. OTHER ACTIVITIES

Article 46. Prevention and reduction of losses

1. Insurance enterprises and foreign branches may adopt precautionary measures to secure the insured upon approval by the buyer or competent government authority.
2. Loss prevention and reduction measures include:
 - a) Propaganda and education;
 - b) Sponsorship and provision of instruments and materials to prevent and reduce risks;

- c) Support construction works with the aim of preventing and reducing risks against the insured;
 - d) Employ entities that supervise, prevent and reduce losses.
3. Loss prevention and reduction expenses are expressed as a percentage of the premiums gained as per guidelines of the Ministry of Finance.

Article 47. Loss appraisal

1. Loss appraisal is subject to Article 48 of the Insurance Business Law. Appraisal organizations shall be held liable for the result of their appraisal services.
2. Loss appraisal must be truthful, unbiased, scientific, timely and precise.
3. The findings of loss appraisal shall be indicated in appraisal records.

Article 48. Transfer of insurance contracts

1. Insurance enterprises and foreign branches shall submit 01 application to the Ministry of Finance for their transfer of all insurance contracts under one or some lines of insurance (referred to as the ceding enterprise), as follows:

- a) The filled-in form of application for transfer as prescribed by the Ministry of Finance;
- b) The plan of transfer, which indicates:
 - Name and address of the insurance enterprise or foreign branch receiving transfers (referred to as the accepting enterprise);
 - Lines of insurance and quantity of insurance contracts being transferred;
 - Technical reserves transfer method and insurance liabilities in relation to the contracts being transferred;
 - Expected time of the transfer;
 - Elaborate explanations of the accepting enterprise about its satisfaction of financial requirements after the transfer.
- c) The transfer contract, which primarily includes:
 - The object(s) being transferred;
 - Rights and duties of parties of the transfer;
 - Expected time of the transfer;

- Dispute settlement methods.

d) Undertaking of the accepting enterprise to maintain the interests of buyers according to insurance contracts after the transfer takes effect.

2. Ministry of Finance, in 21 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting the application, shall provide explanations in writing.

3. In 30 days upon the Ministry of Finance's approval of the transfer of insurance contracts, the ceding enterprise must announce the transfer in the following manner:

a) Publish the following primary details of the transfer on two daily newspapers in 05 consecutive issues:

- Name and address of the ceding enterprise and accepting enterprise;

- Lines of insurance and quantity of insurance contracts being transferred;

- Expected time of the transfer;

- Contact address for insurance buyers' complaints and inquiries concerning the transfer.

b) Deliver a notice and the summary of the transfer plan to each buyer. The notice delivered to insurance buyers must clearly indicate that the buyers shall be allowed to terminate their insurance contracts in 15 days upon receiving the notice if they object to the transfer plan. Moreover, the notice must specify the date that the transfer takes effect.

If a buyer terminates his insurance contract, the ceding enterprise must give the buyer a refund. Such refund shall be the paid premiums commensurate with the remaining duration of the insurance contract, minus the relevant reasonable expenses in case of non-life insurance or health insurance. Otherwise, the refund shall be the paid premiums remaining or the surrender value, whichever is larger, in case of life insurance.

4. Upon the signing of a contract for transfer of insurance contracts, the ceding enterprise cannot engage in new insurance contracts under the insurance line(s) transferred.

5. In 60 days upon the Ministry of Finance's approval of the transfer plan, the ceding enterprise shall transfer to the accepting enterprise:

a) Every insurance contract in effect, which is included in the transfer plan approved by the Ministry of Finance;

b) Documents on payout requests or payment claims, which have not been settled, in relation to the insurance line(s) transferred;

c) All assets, funds and technical reserves regarding the insurance contracts transferred and unsettled payout requests or payment claims in relation to insurance line(s) transferred.

6. The accepting enterprise shall be responsible for cooperating with the ceding enterprise in formulating the transfer plan, valuing fund-related assets and technical reserves of insurance contracts transferred and defining the date of effect of the transfer plan.

7. As of the date of effect of the transfer, the accepting enterprise shall be responsible for implementing duties under the insurance contracts transferred according to the terms of the signed agreements between the ceding enterprise and insurance buyers. Such duties include the settlement of insured events that have occurred but have not been reported. The accepting enterprise shall have the right to take in fund-related assets and technical reserves of the insurance contracts transferred and use such assets to implement duties under the insurance contracts transferred.

Chapter IV

FINANCIAL STRUCTURE OF INSURANCE ENTERPRISES, FOREIGN BRANCHES AND INSURANCE BROKER ENTERPRISES

Part 1. CHARTER CAPITAL, ALLOCATED CAPITAL, OWNER'S EQUITY, DEPOSIT AND ASSET MANAGEMENT

Article 49. Charter capital and allocated capital

1. The charter capital of an insurance enterprise or insurance broker enterprise is the total amount of money that members have contributed or undertaken to contribute upon the incorporation of a limited liability company, or the total face value of shares sold or registered for purchase upon the establishment of a joint-stock company. The charter capital is defined in the charter of the insurance enterprise or insurance broker enterprise.

2. The allocated capital of a foreign branch is financed by the foreign non-life insurance enterprise establishing that branch in Vietnam.

Article 50. Management of owner's equity

1. Insurance enterprises, foreign branches and insurance broker enterprises, during their operations, must maintain the owner's equity in accordance with the following principles:

a) The charter capital of the insurance enterprise, foreign branch or insurance broker enterprise must not be lower than the legal capital according to Article 10 of this Decree;

b) The solvency margin of the insurance enterprise or foreign branch must be higher than the minimum solvency margin.

2. On quarterly basis, insurance enterprises, foreign branches and insurance broker enterprises must reassess their owner's equity on the basis of financial statements. If their owner's equity does not adhere to Section 1 of this Article, insurance enterprises, foreign branches and insurance broker enterprises must carry out the capital supplementing process as per the law in 06 months from the end of the relevant quarter.

Article 51. Use of deposits

1. Insurance enterprises and foreign branches can only use deposits to fulfill commitments to insurance buyers when the former's solvency is inadequate; however, a written approval of the Ministry of Finance is required. In 90 days upon using a deposit, insurance enterprises and foreign branches shall be held accountable for refinancing the deposit used.

2. Insurance enterprises and foreign branches can withdraw all deposits upon their closure.

Article 52. Other regulations on management of spending and assets

Insurance enterprises, foreign branches and insurance broker enterprises must abide by, in addition to this Decree, the regulations on management of finances and assets as per the law.

Part 2. TECHNICAL RESERVES

Article 53. Technical reserves for non-life insurance

1. Non-life insurance enterprises and foreign branches must set up technical reserves for each line of insurance or insurance contract in accordance with the liabilities that the insurance enterprises or foreign branches retain.

2. Technical reserves:

a) Reserve for unearned premiums: Indemnify for liabilities that ensue in the subsequent year(s) throughout the duration of insurance contracts;

b) Claims reserve: Compensate for covered losses that have occurred but have not been settled, whether claimed or not, at the end of the fiscal year;

c) Claims reserve for large loss fluctuations: Indemnify for large loss fluctuations or large losses when the paid premiums in the fiscal year, minus amounts extracted to create the unearned premiums reserve and unsettled claim claims reserve, does not suffice to indemnify for liabilities that the insurance enterprise or foreign branch retains.

Article 54. Technical reserves for life insurance

1. Life insurance enterprises must set up technical reserves for each insurance contract in accordance with the liabilities that they incur.

2. Technical reserves:

- a) Mathematical reserve: Make payouts for liabilities undertaken upon the occurrence of insured events.
- b) Reserve for unearned premiums: Make payouts that ensue throughout the duration of insurance contracts in the subsequent year;
- c) Claims reserve: Make payouts for insured events that have occurred but have not been settled, whether claimed or not, at the end of the fiscal year;
- d) Profit sharing reserve: Pay profit upon which the insurance enterprise has agreed with the buyer in the insurance contract;
- dd) Interest rate commitment reserve: Maintain the rate of interest committed by the enterprise to the customer according to the insurance contract;
- e) Equalization reserve: Make payouts upon the occurrence of insured events due to a large variation of risk ratio or technical interest rate.

Article 55. Technical reserves for health insurance

1. Life insurance enterprises, non-life insurance enterprises, health insurance enterprises and foreign branches must set up technical reserves for each health insurance contract in accordance with the liabilities that the insurance enterprises or foreign branches incur.

2. Technical reserves:

- a) Mathematical reserve: Make payouts for liabilities undertaken upon the occurrence of insured events.
- b) Reserve for unearned premiums: Make payouts that ensue throughout the duration of insurance contracts in the subsequent year;
- c) Claims reserve: Make payouts for insured events that have occurred but have not been settled, whether claimed or not, at the end of the fiscal year;
- d) Equalization reserve: Make payouts upon the occurrence of insured events due to a large variation of risk ratio or technical interest rate.

Article 56. Technical reserves for reinsurance

- 1. Non-life reinsurance: Included are the reserves defined in Article 53 of the Decree.
- 2. Life reinsurance: Included are the reserves defined in Article 54 of the Decree.

3. Health reinsurance: Included are the reserves defined in Article 55 of the Decree.

Article 57. Amount of technical reserves and establishment methods

Ministry of Finance shall provide detailed guidance on the amount of technical reserves defined in Article 53, Article 54 and Article 55 of this Decree, methods and grounds of reserve establishment for each line of insurance.

Article 58. Procedure for approval of methods of establishment of technical reserves

1. Insurance enterprises and foreign branches cannot alter their methods of establishment of technical reserves in a fiscal year. Insurance enterprises and foreign branches, before altering their methods of establishment of technical reserves in the subsequent fiscal year, must submit an application to the Ministry of Finance for approval.

2. The application for adoption or alteration of method(s) of establishment of technical reserves includes:

a) The filled-in form of application, as prescribed by the Ministry of Finance, for adoption or alteration of method(s) of establishment of technical reserves;

b) Documents that explain and illustrate expected methods of establishment of technical reserves with the endorsement by actuaries of reserves and solvency margin (for non-life insurance enterprises, reinsurance enterprises and foreign branches) or actuaries (for life insurance enterprises and health insurance enterprises). When technical reserve establishment methods are changed, such documents must manifest the greater accuracy and fullness of new methods than those of previous ones with regard to liabilities of the insurance enterprise or foreign branch.

3. Ministry of Finance, in 14 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

Part 3. INVESTMENT OF FUNDS

Article 59. Principles of investment

1. The funds available for insurance enterprises, foreign branches and insurance broker enterprises to invest include:

a) The owner's equity;

b) Idle fund from technical reserves;

c) Other legitimate finances as per the law.

2. Insurance enterprises, foreign branches and insurance broker enterprises, during their operations, shall make investments in accordance with the following principles:

- a) Abide by the law, assume liabilities for investment activities and maintain safety, efficiency and liquidity;
- b) Be prohibited from borrowing to invest directly or to entrust other entities to invest in securities, real estate and other enterprises;
- c) Be prohibited from investing in shareholders (members) or entities related to shareholders (members) in any manner according to the Enterprise Law, except depositing money in shareholders (members) that are credit institutions;
- d) Make no investment that occupies 30% or more of investment funds into enterprises under a conglomerate or a group of cross-shareholding enterprises (except depositing money in credit institutions and making outward investments by incorporating an enterprise or branch abroad);
- dd) If investments are made through a trust, trustees must be licensed by competent authorities to make investments in accordance with the trust.

Article 60. Investing the owner's equity

1. Investing the owner's equity on par with the legal capital level or solvency margin, whichever is higher, is governed by the following regulations:

- a) Non-life insurance enterprises, foreign branches and reinsurance enterprises: Abide by Section 1, Article 62 of this Decree;
- b) Life insurance enterprises and health insurance enterprises: Abide by Section 2, Article 62 of this Decree;

2. Insurance enterprises and insurance broker enterprises are permitted to make outward investments as per the law with the portion of the owner's equity, which is surplus to the level of capital defined in Section 1 of this Article.

3. Outward investments shall solely be made for :

- a) Incorporating or contributing to the incorporation of an insurance enterprise or branch of an insurance enterprise abroad;
- b) Other outward investments as per the law.

4. Outward investments by an insurance enterprise or insurance broker enterprise must adhere to the laws on insurance business, outward investment and foreign exchange management. Furthermore, such investments must be approved by the Ministry of Finance and made in the name of such enterprise.

5. The procedure of application for approval (or amendment or termination) of an outward investment shall be subject to Point a, Section 3 of this Article:

a) Before making (or amending or terminating) an outward investment, an insurance enterprise or insurance broker enterprise must submit 01 application to the Ministry of Finance, as follows:

- The filled-in form of application as prescribed by the Ministry of Finance;
- The written decision by competent persons as defined in the corporate charter (of the insurance enterprise or insurance broker enterprise) on the enterprise's making (or amendment or termination) of the outward investment;
- Document(s) that elaborate the making (or amendment or termination) of the outward investment:

In respect of the making of an outward investment, such documents must specify the objectives, form, fund(s), size, progress and expected efficiency of the investment; any contract(s) or agreement(s) with partners.

In respect of revisions to the size, fund(s) and form of an outward investment, such documents must specify the progress and result of the investment, difficulties, favorable factors (if any) and revision scheme.

In respect of the termination of an overseas investment, such documents must specify the reason(s) of termination, result of investment, probability of investment recovery and expected time of termination.

b) Ministry of Finance, in 21 days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

6. If certain legislative documents define exclusive guidelines applicable an outward investment as stated in Point b, Section 3 of this Article, the procedure of application for making (or amendment or termination) of that investment shall be governed by those documents.

Article 61. Idle fund from technical reserves

1. Idle fund from technical reserves of an insurance enterprise or foreign branch refers to the total technical reserves minus regular finances for claim payment in a period for non-life insurance and minus regular payouts in that period for life and health insurance.

2. Regular finances for claim payment of a non-life insurance enterprise or foreign branch in a period must not be lower than 25% of total technical reserves. Such finances shall be deposited in credit institutions operating in Vietnam.

3. Regular finances for insurance payout of a life insurance enterprise or health insurance enterprise in a period must not be lower than 5% of total technical reserves. Such finances shall be deposited in credit institutions operating in Vietnam.

Article 62. Investing idle fund from technical reserves

Insurance enterprises and foreign branches can invest idle fund(s) from technical reserves by themselves or through trustees into the following sectors and only in Vietnam:

1. Non-life insurance enterprises and foreign branches:

- a) Unrestricted purchase of government bonds, treasury bills, treasury bonds, national development bonds, local government bonds and government-guaranteed bonds;
- b) Unrestricted depositing of money in credit institutions;
- c) Spending of at most 35% of idle fund(s) from technical reserves on purchasing stocks, corporate bonds, fund certificates or investing in other enterprises;
- d) Spending of at most 10% of idle fund(s) from technical reserves on purchasing real estate as per the Law on real estate business.

2. Life insurance enterprises and health insurance enterprises:

- a) Unlimited purchase of government bonds, treasury bills, treasury bonds, national development bonds, local government bonds and government-guaranteed bonds;
- b) Unrestricted depositing of money in credit institutions;
- c) Spending of at most 50% of idle fund(s) from technical reserves on purchasing stocks, corporate bonds and fund certificates;
- d) Spending of at most 20% of idle fund(s) from technical reserves on purchasing real estate as per the Law on real estate business.
- dd) Investing of at most 20% of idle fund(s) from technical reserves into other enterprises.

3. Reinsurance enterprises:

- a) Idle fund(s) from technical reserves for non-life reinsurance: As per Section 1 of this Article;
- b) Idle fund(s) from technical reserves for life and health reinsurance: As per Section 2 of this Article.

4. Insurance enterprises and foreign branches can only invest in certificates of investment funds whose portfolio of investment assets are permissible for insurance enterprises and foreign branches to invest in according to Article 98 of the Law on insurance business.

Part 4. SOLVENCY AND RESTORATION OF SOLVENCY

Article 63. Solvency

1. Insurance enterprises and foreign branches must always sustain their solvency throughout their insurance business activities.

2. Insurance enterprises and foreign branches shall be deemed as they establish all technical reserves and have a solvency margin on par with the minimum solvency margin defined in Article 64 of this Decree.

Article 64. Minimum solvency margin

1. The minimum solvency margin of a non-life insurance enterprise or foreign branch shall be higher than the result of one of these calculations:

- a) 25% of total premiums actually retained upon the determination of the solvency margin;
- b) 12.5% of total direct insurance premiums plus reinsurance premiums upon the determination of the solvency margin.

2. Minimum solvency margin of life insurance enterprises and health insurance enterprises:

- a) 1.5% of technical reserves plus 0.3% of the sums insured which carry risks for unit-linked insurance contracts;
- b) 4% of technical reserves plus 0.3% of the sums insured which carry risks for universal life insurance and retirement insurance contracts;
- c) Other life insurance contracts and health insurance contracts:
 - With a term of less than 5 years: 4% of technical reserves plus 0.1% of the sums insured which carry risks;
 - With a term of over 05 years: 4% of technical reserves plus 0.3% of the sums insured which carry risks.

3. The minimum solvency margin of reinsurance enterprises shall be:

- a) For non-life reinsurance: As per Section 1 of this Article;
- b) Life reinsurance or health reinsurance: As per Section 2 of this Article.

Article 65. Solvency margin

The solvency margin of an insurance enterprise or foreign branch is the difference between the value of assets and liabilities of the insurance enterprise or foreign branch upon the determination of the solvency margin. Assets included in the solvency margin of the insurance enterprise or foreign branch must remain liquid. Assets excluded entirely or partly from the solvency margin of the insurance enterprise or foreign branch shall be handled as per guidelines of the Ministry of Finance.

Article 66. Risk of insolvency

An insurance enterprise or foreign branch shall be deemed to be at risk of insolvency as its solvency margin is lower than the minimum solvency margin.

Article 67. Restoration of solvency

1. Insurance enterprises and foreign branches at risk of insolvency must actively adopt measures to self-restore their solvency while reporting to the Ministry of Finance about their current financial situations, reasons of risk of insolvency and solvency restoration plan.

2. If an insurance enterprise or foreign branch fails to self-restore its solvency, the Ministry of Finance shall request the insurance enterprise or foreign branch to implement these measures to restore its solvency:

- a) Supplement the owner's equity;
- b) Reinsurance; shrinkage of the content, scope and area of operations; suspend parts or all of operations;
- c) Consolidate the organizational structure and replace managerial and operational personnel;
- d) Cede insurance contracts;
- dd) Other measures.

3. If insurance enterprises and foreign branches fail to restore solvency upon the request of the Ministry of Finance as per Section 2 of this Article, they shall be put under special control. Ministry of Finance shall provide guidelines for the establishment and operation of the Solvency Control Committee with the aim of adopting measures for solvency restoration as per Article 80 of the Law on insurance business.

Part 5. REVENUE AND EXPENSE

Article 68. Revenue of insurance enterprises and foreign branches

The revenues of an insurance enterprise or foreign branch consist of receivables ensuing in a period, as follows:

1. The revenue from insurance business activities, which includes receivables minus payables that reduce incomes in a period:

a) Receivables ensuing in a period:

- Direct insurance premiums;
- Reinsurance premiums;
- Ceding commissions;
- Agency service fees for damage appraisal, claim processing, request of third parties' reimbursements, handling of fully compensated cargo;
- Fee of damage appraisal, except appraisal activities for internal-accounting units of an independent-accounting insurance enterprise;
- Leading fee for the leading insurance enterprise in case of coinsurance.

b) Payables that reduce incomes in a period:

- Insurance premium refund;
- Premium discounts;
- Ceding fee;
- Reimbursement of reinsurance premiums;
- Reinsurance premium discounts;
- Reimbursement of ceding commissions;
- Discounts of ceding commissions.

2. Revenue from financial activities:

a) Earnings from investment activities as per Part 3, Chapter IV of this Decree;

b) Earnings from the trading of securities;

c) Interest from deposits;

d) Earnings from leasing of assets;

dd) Other earnings as per the law.

3. Earnings from other activities:

a) Earnings from the sale and liquidation of fixed assets;

b) Bad debts written off but reclaimed;

c) Other earnings as per the law.

Article 69. Expense of insurance enterprises and foreign branches

The expenses of an insurance enterprise or foreign branch consist of payables and extracts in a period, as follows:

1. Cost of insurance business activities: Payables and extracts minus receivables that reduce expenses in a period:

a) Payables and extracts in a period:

- Payment of non-life direct insurance claims; life insurance payouts;

- Payment of reinsurance claims;

- Extracts for technical reserves;

- Payment of insurance commissions;

- Payments to insurance broker enterprises: Payment of broker commissions and other sums as regulated;

- Damage appraisal expense;

- Expense for agency services of damage appraisal, claim processing, request of third parties' reimbursements;

- Expense for handling of fully compensated cargo;

- Payment of leading fee for the leading insurance enterprise in case of coinsurance (if this fee is stipulated in writing);

- Expense for management of insurance agencies: Initial training and certification exams, advanced training, recruitment, incentives and aids for agencies;

- Risk and loss prevention and reduction expense;
- Expense for evaluation of the insured's risks;
- Other payments and extracts as per the law.

b) Receivables that reduce expenses in a period:

- Collection of reinsurance claim payments;
- Collection of third parties' reimbursements;
- Retrieval of goods handled and fully compensated.

2. Expense of financial activities:

- a) Expense of investment activities as per Part 3, Chapter IV of this Decree;
- b) Investment incomes payable to insurance buyers according to life insurance contracts;
- c) Asset leasing expense;
- d) Payment of banking fees and loan interests;
- dd) Other payments and extracts as per the law.

3. Expense of other activities:

- a) Expense for the sale and liquidation of fixed assets;
- b) Expense for claiming bad debts written off;
- c) Other payments and extracts as per the law.

Article 70. Separation of equity and premium

1. Insurance enterprises and foreign branches must separate the owner's equity and the premiums earned from insurance buyers according to the guidelines of the Ministry of Finance (referred to as the equity fund and the policyholder fund).

2. Insurance enterprises and foreign branches must register, with the Ministry of Finance, the principles of allocating assets, finances, revenue and expenses in relation to the equity fund and policyholder fund prior to the implementation of such principles. The application for registration includes:

- a) The filled-in form of application for implementation or amendment, as prescribed by the Ministry of Finance;
- b) Documents that explain the expected principles of allocation with endorsements of actuaries and reserving actuaries.

Ministry of Finance, in 21 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

Article 71. Revenue of insurance broker enterprises

The revenues of an insurance enterprise consist of receivables ensuing in a period, as follows:

1. Revenue from insurance brokerage:

- a) Broker's commissions from premiums earned for the provision of guidelines and counsels on contracting to customers;
- b) Receivables from activities defined in Section 1, Section 2 and Section 4, Article 90 of the Law on insurance business;
- c) Other earnings as per the law.

2. Revenue from financial activities:

- a) Earnings from the trading of securities;
- b) Interests from deposits and loans;
- c) Earnings from leasing of assets;
- d) Other earnings as per the law.

3. Earnings from other activities:

- a) Earnings from the sale and liquidation of fixed assets;
- b) Bad debts written off but reclaimed;
- c) Other earnings as per the law.

Article 72. Expense of insurance broker enterprises

The expenses of an insurance broker enterprise consist of payables and extracts in a period, as follows:

1. Expense of insurance brokerage:
 - a) Expense of insurance brokers' activities;
 - b) Purchase of occupational liability insurance;
 - c) Other payments and extracts as per the law.
2. Expense of financial activities:
 - a) Asset leasing expense;
 - b) Payment of banking fees and loan interests;
 - c) Other payments and extracts as per the law.
3. Expense of other activities:
 - a) Expense for the sale and liquidation of fixed assets;
 - b) Expense for claiming bad debts written off;
 - c) Other payments and extracts as per the law.

Part 6. PROFIT AND DISTRIBUTION OF PROFIT

Article 73. Profit of insurance enterprises, foreign branches and insurance broker enterprises

The profit(s) of an insurance enterprise, foreign branch or insurance broker enterprise is (are) the difference between total revenues and total expenses of the insurance enterprise, foreign branch or insurance broker enterprise. The annual profits earned by an insurance enterprise, foreign branch or insurance broker enterprise are comprised of profits from insurance business, financial activities and other operations.

Article 74. Financial obligations to the state

Insurance enterprises, foreign branches and insurance broker enterprises must fulfill their financial obligations to the state as per the law.

Article 75. Profit distribution

After fulfilling requirements for capital and solvency, paying the regulated corporate income tax and establish mandatory reserves, insurance enterprises, foreign branches and insurance broker enterprises can distribute the remaining profit as per the law.

Article 76. Distribution of surplus in life insurance

1. Life insurance enterprises, when deploying with-profits life insurance products, shall separately supervise accounts, finances, revenue and expense in relation to policies of such nature (referred to as the with-profits policyholder fund).
2. At the end of a fiscal year, life insurance enterprises may allocate part or all of the surplus from the with-profits policyholder fund to policyholders and owners. Life insurance enterprises, in all circumstances, shall be responsible for assuring policyholders' receipt of at least 70% of the surplus of the total profit gained or of the surplus difference between the actual and presumptive figures on death ratio, investment return and cost, whichever is higher.
3. Life insurance enterprises must acquire approval by the Ministry of Finance of their methods of distributing surplus to with-profits policyholders prior to the implementation of such methods.
4. The application for approval of or amendment to the methods of surplus distribution includes:
 - a) The filled-in form of application for implementation of or amendment to the surplus distribution methods, as prescribed by the Ministry of Finance;
 - b) Documents that explain the expected methods of surplus distribution with endorsement of actuaries.

Ministry of Finance, in 21 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

Article 77. Mandatory reserve

Insurance enterprises, insurance broker enterprises and foreign branches must extract 5% of their annual net profit to establish a mandatory reserve. The cap of the mandatory reserve is 10% of the charter capital of the insurance enterprise or allocated capital of the foreign branch.

Part 7. SCHEME OF ACCOUNTING, AUDIT, STATISTICS AND FINANCIAL REPORTING

Article 78. Accounting scheme

Insurance enterprises, foreign branches and insurance broker enterprises must keep account of all original papers, update accounting journals and relate full business and financial activities in timely, honest, accurate and unbiased manner.

Article 79. Fiscal year

A fiscal year of an insurance enterprise, foreign branch or insurance broker enterprise starts on the 01st of January and ends on the 31st of December of a calendar year. The first fiscal year of an

insurance enterprise, foreign branch or insurance broker enterprise starts upon the issue date of its license and ends on the final date of the same year.

Article 80. Financial reporting

1. Insurance enterprises, foreign branches and insurance broker enterprises shall be responsible for making and sending financial statements, statistical and technical reports on regular and ad hoc basis in conformity to the current laws and the Ministry of Finance's guidelines.
2. Annual financial statements of insurance enterprises, foreign branches and insurance broker enterprises, before being sent to the Ministry of Finance, must be audited and endorsed by an independent audit organization that is legally operating in Vietnam.

Article 81. Financial management

1. Insurance enterprises, foreign branches and insurance broker enterprises shall exercise financial autonomy, be liable for managing and supervising financial activities, business results and fulfill their duties and commitments as per the law.
2. Insurance enterprises, foreign branches and insurance broker enterprises shall carry out financial management activities in accordance with the principles and norms defined by the Ministry of Finance.
3. Insurance enterprises, foreign branches and insurance broker enterprises must develop, implement and supervise the regulations on finance, investment, internal control and audit and relevant procedures.

Article 82. Disclosure of financial statements

1. Insurance enterprises, foreign branches and insurance broker enterprises must disclose their financial statements as per the law.
2. The information disclosed must match their financial statements audited and endorsed by an independent audit organization.

Chapter V

INSURANCE AGENCY AND TRAINING FACILITIES

Part 1. INSURANCE AGENCY

Article 83. Operational principles of insurance agencies

1. Organizations and individuals operating as an insurance agency must meet agency requirements defined in Article 86 of the Law on insurance business and must sign an insurance agency contract as per Article 87 of the Law on insurance business.

2. Agencies of an insurance enterprise or foreign branch shall not simultaneously act as an agency of another insurance enterprise or foreign branch without the former's written approval.

3. Individuals awarded an agent certificate but having not operating as an agent in 03 consecutive years must take agent certification exams prior to their operations as an agent. Having not operating as an agent means that the individual has not signed an agent contract with any insurance enterprises and foreign branches or been employed by an agency of any insurance enterprises and foreign branches.

4. Insurance agencies and agents shall not:

a) Provide incorrect information and advertisements of the content and scope of operations of an insurance enterprise or foreign branch, conditions and terms of insurance in violation of insurance buyers' legitimate rights and interests;

b) Obstruct an insurance buyer to disclose information on an insurance contract or incite a buyer or an insured not to declare details of an insurance contract;

c) Compete for customers by obstructing, enticing, bribing or threatening employees or customers of other insurance enterprises, foreign branches, insurance agencies and insurance broker enterprises;

d) Incite customers, in any manner, to terminate their insurance contracts in effect.

Article 84. Rights and duties of insurance enterprises and foreign branches with regard to insurance agencies

1. Insurance enterprises and foreign branches have rights to:

a) Select insurance agencies and enter agency contracts;

b) Define the level of insurance commissions in insurance agency contracts as per the law;

c) Receive and manage deposits or mortgages of insurance agencies, if stated in the insurance agency contracts;

d) Request insurance agencies to deliver earned premiums according to insurance contracts;

dd) Inspect and supervise the implementation of insurance agency contracts;

e) Have other legitimate rights in relation to insurance business activities.

2. Insurance enterprises and foreign branches have duties to:

a) Provide training and award training certificates to agencies as per the law;

- b) Provide guidelines, full and precise information and documents necessary for insurance agencies' activities;
- c) Take on liabilities ensuing from signed insurance agency contracts;
- d) Pay commissions as defined in insurance agency contracts;
- dd) Refund deposits or return mortgages to insurance agencies as per agreements;
- e) Be held liable for damage or losses caused by insurance agencies of insurance enterprises and foreign branches according to insurance agency contracts;
- g) Accede to the inspection and supervision by competent government authorities of activities of their insurance agencies;
- h) Provide the Association of Vietnamese insurers with the list of their insurance agencies whose agency contracts are terminated due to their violation of laws and principles of practice.

Article 85. Rights and duties of insurance agencies

1. Insurance agencies shall have rights to:

- a) Use their discretion to enter an insurance agency contract with an insurance enterprise or foreign branch as per the law;
- b) Participate in training courses held by insurance enterprises and foreign branches for insurance agencies;
- c) Receive the information necessary for their activities and other conditions to implement their insurance agency contracts;
- d) Earn commissions and other legitimate rights and interests in relation to insurance business activities;
- dd) Request the insurance enterprise or foreign branch to refund deposit(s) or mortgaged asset(s) according to the insurance agency contract.

2. Insurance agencies shall have duties to:

- a) Deliver on commitments in the insurance agency contract with the insurance enterprise or foreign branch;
- b) Deposit money or mortgage asset(s) to the insurance enterprise or foreign branch, if required according to the insurance agency contract;

c) Introduce, offer and sell insurance; provide full and accurate information to insurance buyers; implement the insurance contract within the scope of their authorization as defined in the insurance agency contract;

d) Participate in advanced training courses held by insurance agency training facilities;

dd) Accede to the inspection and supervision by competent government authorities and fulfill financial obligations as per the law.

Article 86. Agencies selling investment-linked insurance, retirement insurance and other insurance as per Decree No. 67/2014/ND-CP

1. Agencies and agents selling unit-linked insurance must meet these requirements:

a) Have not violated legal regulations on insurance agency's activities and relevant rules of professional ethics.

b) Have received training from an insurance enterprise and a certificate of completion of course(s) in unit-linked insurance;

c) Attain one of these experience-related conditions:

- Have acted and operated as an insurance agency or agent continuously in at least 01 year;

- Act as an insurance agency or agent, have operated continuously in the field of finance, banking or insurance in at least 06 months and possess a professional certificate in securities as awarded by the State Securities Commission;

- Have acted and operated continuously as an insurance agency or agent in at least 06 months and possess at least a college degree in finance, banking or insurance.

2. Agencies and agents selling universal life insurance must meet these requirements:

a) Have not violated legal regulations on insurance agency's activities and relevant rules of professional ethics.

b) Have received training from an insurance enterprise and a certificate of completion of course(s) in universal life insurance;

c) Have operated as an insurance agency or agent in at least 03 months or have operated at least 01 year in the field of finance, banking or insurance or have graduated from a college or higher level in finance, banking or insurance.

3. Agencies and agents selling retirement insurance must meet these requirements:

a) Possess a certificate of insurance agency as awarded by a training facility that the Ministry of Finance endorses;

b) Have not violated legal regulations on insurance agency's activities and relevant rules of professional ethics.

c) Have received training from an insurance enterprise and a certificate of completion of course(s) in retirement insurance.

4. Agencies and agents selling other insurance as per the Decree No. 67/2014/ND-CP must meet these requirements:

a) Have operated as an insurance agency or agent in at least 03 months;

b) Have not violated legal regulations on insurance agency's activities and relevant rules of professional ethics.

c) Have undergone at least 16 hours of insurance training by an insurance enterprise according to the Decree No. 67/2014/ND-CP and received a certificate of course completion.

Part 2. INSURANCE AGENCY TRAINING FACILITIES

Article 87. Insurance agency training facilities

1. Insurance agency training facilities must meet these requirements:

a) Provide training programs as defined in Article 88 of this Decree;

b) Trainers of insurance agencies and agents must have expertise in insurance, knowledge in law and skills in teaching;

c) Have adequate infrastructure for training activities.

2. Insurance agency training facilities must apply in writing to the Ministry of Finance's approval of insurance agency training programs, as follows:

a) A filled-in form of application as prescribed by the Ministry of Finance;

b) Documents specifying that trainers of insurance agencies have the knowledge for training activities.

Ministry of Finance, in 14 days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

Article 88. Insurance agency training programs

1. General knowledge:

- a) General knowledge of insurance;
- b) Responsibilities and professional ethics of an agency;
- c) Laws on insurance business;
- d) Insurance sales skills;
- dd) Rights and duties of an insurance enterprise, foreign branch and insurance agency with regard to the activities of the insurance agency.

2. Knowledge of products:

- a) Fundamentals of insurance products that insurance enterprises and foreign branches are permitted to sell;
- b) Practice of insurance agency.

Article 89. Management of training of insurance agencies

1. Ministry of Finance shall be responsible for inspecting and supervising the training of insurance agencies and agents. If an insurance agency training facility does not meet relevant requirements in this Decree, the Ministry of Finance shall suspend the facility's insurance agency training activities.

2. On annual basis, insurance agency training facilities must report to the Ministry of Finance about the quantity of courses held, of insurance agencies and agents trained and of certificates awarded in a year.

Chapter VI

PROVISION AND USE OF CROSS-BORDER INSURANCE SERVICES

Article 90. Providers and users of cross-border services of insurance and insurance brokerage

1. Providers of cross-border services of insurance and insurance brokerage (referred to as providers of cross-border insurance services) are foreign insurance enterprises and foreign insurance broker enterprises whose home country and Vietnam have entered international trade agreements on the provision of cross-border insurance services in Vietnam.

2. Users of cross-border insurance services are enterprises that are incorporated in Vietnam, have 49% of its charter capital held by foreign investors and recruit foreign employees working in Vietnam.

3. Services of reinsurance, international maritime insurance, international aviation insurance, international reinsurance brokerage, consultancy, actuarial service, risk assessment and claim settlement shall be governed by current laws and best practices.

4. Life insurance and health insurance shall not be subject to regulations on provision and use of cross-border insurance services in this Decree.

Article 91. Requirements for provision of cross-border insurance services

Foreign insurance enterprises and foreign insurance broker enterprises providing cross-border insurance services in Vietnam must meet these requirements:

1. General requirement:

a) Possess license(s) awarded by state authorities managing overseas insurance in the home country of the enterprise for operating cross-border insurance services that it intends to provide in Vietnam, as well as evidences of the enterprise having legally operated for at least 10 years up to its provision of cross-border insurance services in Vietnam;

b) Have written permission(s) and confirmation(s) by state authorities managing overseas insurance in the home country of the enterprise for providing cross-border insurance services in Vietnam and of the enterprise having not violated any laws on insurance business and insurance brokerage and other foreign regulations in 03 consecutive years prior to the year that cross-border services are provided in Vietnam.

2. Financial capacity:

a) Have total worth of assets of at least 02 billion US dollars in case of a foreign insurance enterprise or at least 100 million US dollars in case of an insurance broker enterprise in the fiscal year prior to the year that cross-border insurance services are provided in Vietnam;

b) Foreign insurance enterprises are ranked at least “BBB” by Standard & Poor’s or Fitch, “B++” by A.M. Best, “Baal” by Moody's or earn an equivalent rank given by other experienced ranking organizations in the fiscal year prior to the year that cross-border insurance services are provided in Vietnam;

c) Have carried out profitable business for 03 years immediately preceding the year that cross-border insurance services are provided in Vietnam.

3. Settlement of adversity:

a) Foreign insurance enterprises must deposit at least 100 billion Vietnam dongs in a bank licensed to operate in Vietnam and have a letter of guarantee from such bank that undertakes to make payments when liabilities under cross-border insurance contracts in Vietnam exceed the mandatory deposit. The deposit shall only be used to deliver on commitments to insurance buyers upon the foreign insurance enterprise's insolvency as determined by foreign government

authorities in the home country of the enterprise. The deposit shall yield interest according to the agreement with the bank retaining the deposit. The foreign insurance enterprise can withdraw the entire deposit upon the termination of its liabilities under the contracts for its provision of cross-border services in Vietnam;

b) Foreign insurance enterprises must implement a procedure of claim settlement, which specifies formalities, steps and time for settling damage and claims for insurance buyers in Vietnam. In all circumstances, foreign insurance enterprises or authorized representatives must be present at the site where damage has taken place in forty eight hours upon the receipt of the notice of damage. The maximum time limit for claim settlement is subject to the Article 29 of the Law on insurance business;

c) Foreign insurance broker enterprises must purchase the insurance of liabilities for the provision of cross-border services of insurance brokerage in Vietnam.

Article 92. Provision of cross-border insurance services in Vietnam

1. Foreign insurance enterprises shall provide cross-border insurance services in Vietnam through an insurance broker enterprise licensed to operate in Vietnam.

2. Foreign insurance broker enterprises providing cross-border insurance services in Vietnam shall broker services provided by insurance enterprises or foreign branches licensed to operate in Vietnam.

Article 93. Responsibilities of providers of cross-border insurance services

1. Provide written evidences of the satisfaction of requirements for providing cross-border insurance services as defined in Article 91 of this Decree to insurance enterprises, foreign branches and insurance broker enterprises licensed to operate in Vietnam and participating in the provision of cross-border insurance services as stated in Article 92 of this Decree.

2. In 120 days from the end of a fiscal year, submit the financial statement of the year immediately preceding the said year to the Ministry of Finance. Such financial statement must contain an endorsement of an independent audit organization and a written verification by state authorities managing overseas insurance in the home country of the enterprise of its abidance by the law.

3. Pay taxes and fulfill other financial obligations in relation to the provision of cross-border insurance services in Vietnam as per legal regulations on taxation.

Article 94. Responsibilities of participants in the provision of cross-border insurance services

Insurance enterprises, foreign branches and insurance broker enterprises licensed to operate in Vietnam and participating in the provision of cross-border insurance services as per Article 92 of this Decree shall bear responsibilities to:

1. Retain written evidences of the fulfillment of providers of cross-border insurance services in Vietnam, with which they engage in the provision of such services, of requirements as defined in Article 91 of this Decree and provide such evidences to the authorities upon request.
2. On quarterly basis, report to the Ministry of Finance about their periodic participation in the provision of cross-border insurance services in Vietnam in 30 days from the end of a quarter. Ministry of Finance shall define the format of such report.

Chapter VII

REPRESENTATIVE OFFICES OF FOREIGN INSURANCE ENTERPRISES AND FOREIGN INSURANCE BROKER ENTERPRISES

Article 95. Representative offices

Vietnam-based representative offices of a foreign insurance enterprise or foreign insurance broker enterprise are dependant units of that enterprise.

Article 96. Activities of representative offices

1. Vietnam-based representative offices of a foreign insurance enterprise or foreign insurance broker enterprise can conduct these activities:

- a) Act as a bureau of communication;
- b) Market research;
- c) Facilitate investment projects of the foreign insurance enterprise or foreign insurance broker enterprise;
- d) Expedite and monitor the implementation of projects in Vietnam, which are sponsored by the foreign insurance enterprise or foreign insurance broker enterprise;
- dd) Other activities in conformity to the laws of Vietnam.

2. Representative offices of a foreign insurance enterprise or foreign insurance broker enterprise in Vietnam shall not carry out business activities in Vietnam.

Article 97. Licensing of representative offices

1. A foreign insurance enterprise or foreign insurance broker enterprise intending to establish a representative office in Vietnam must submit 01 application to the Ministry of Finance for licensing of the representative office as per Article 110 of the Law on insurance business.

2. In 30 days upon receiving the valid and adequate application, the Ministry of Finance shall issue the license for the foreign insurance enterprise or foreign insurance broker enterprise to set

up the representative office in Vietnam. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

3. In 12 months upon licensing, the representative office must launch its official operation.

Article 98. Amendment to the license of representative office

1. Foreign insurance enterprises and foreign insurance broker enterprises can have the license of their representative office amended by the Ministry of Finance in these events:

a) Changes in the name, nationality and address of the foreign insurance enterprise or foreign insurance broker enterprise;

b) Changes in the name of the representative office;

c) Changes in the content of operations of the representative office.

2. The application for amendment to the license includes:

a) A filled-in form of application as prescribed by the Ministry of Finance;

b) The written approval of competent persons as defined in the charter of the foreign insurance enterprise or foreign insurance broker enterprise, or evidences of the changes stated in Section 1 of this Article.

3. Ministry of Finance, in 11 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

Article 99. Announcement of operations

In 30 days upon the issuance of or amendment to its license, the representative office must publish the following details in 05 consecutive issues of a daily newspaper circulating in the area where the representative office is mainly located:

1. The name, nationality and address of the foreign insurance enterprise or foreign insurance broker enterprise.

2. The name and main address of the representative office.

3. The content and duration of operations of the representative office.

Article 100. Duration of operations

1. The duration of operations of a representative office of a foreign insurance enterprise or foreign insurance broker enterprise in Vietnam shall not exceed 05 years and may be extendable.

2. A foreign insurance enterprise or foreign insurance broker enterprise must satisfy the following requirements to extend the duration of a representative office:

- a) The representative office of the foreign insurance enterprise or foreign insurance broker enterprise in Vietnam has not incurred fine(s) of 200 million Vietnam dong(s) or more for any violations in relation to the insurance business in 12 months prior to the submission of the application of extension;
- b) The foreign insurance enterprise or foreign insurance broker enterprise is operating legally upon its application for extending the duration of the representative office.

3. The application for extension of the duration of a representative office:

- a) The filled-in form of application for extension of the duration of the representative office, as prescribed by the Ministry of Finance;
- b) The notarized copy of the license of the foreign insurance enterprise or foreign insurance broker enterprise;
- c) The notarized copies of the audited financial statements of the foreign insurance enterprise or foreign insurance broker enterprise for 03 consecutive years immediately preceding the year that the application for extension is lodged;
- d) The resume and copy of the citizen identity card, ID card, passport or valid personal identification paper of the person to be appointed as the head of the representative office (if such position is changed).

4. Ministry of Finance, in 21 working days upon receiving the valid and adequate application, shall issue its approval in writing. Ministry of Finance, if rejecting an application, shall provide explanations in writing.

Article 101. Closure of representative offices

1. A representative office closes down in these events:

- a) Upon request of the foreign insurance enterprise or foreign insurance broker enterprise;
- b) Upon the shutdown of the foreign insurance enterprise or foreign insurance broker enterprise;
- c) In 30 days after the expiration of its term without extension or without the Ministry of Finance's approval of extension;
- d) The license of the foreign insurance enterprise or foreign insurance broker enterprise is revoked;
- dd) The representative office pursues awry objective(s) or is in contravention of its license.

2. A foreign insurance enterprise or foreign insurance broker enterprise must submit 01 application to the Ministry of Finance for closure of a representative office:

- a) The filled-in form of application for closure, as prescribed by the Ministry of Finance;
- b) Evidences of the fulfillment of duties towards employees and other entities in Vietnam;
- c) The original of the license of the representative office;
- d) Relevant licenses and decisions that ensue during the operations of the representative office.

3. In 14 working days upon receiving the valid and adequate application, the Ministry of Finance shall approve the closure of the representative office in writing.

4. Upon its closure, a representative office of a foreign insurance enterprise or foreign insurance broker enterprise must fulfill formalities and duties as per the law.

Article 102. Reporting of operations

1. A representative of a foreign insurance enterprise or foreign insurance broker enterprise in Vietnam shall submit periodic reports of the office's operations according to guidelines of the Ministry of Finance.

2. In 30 days upon the change of the head, main address and employees of a representative office, the foreign insurance enterprise or foreign insurance broker enterprise shall notify the Ministry of Finance of such change(s). The notification shall include:

- a) A filled-in form of notice as prescribed by the Ministry of Finance;
- b) The resume and copy of the citizen identity card, ID card, passport or valid personal identification paper, as per the law, of the substitutes of the head or personnel of the representative office;
- c) Evidences of the right to use the location of the representative office if relocated.

Chapter VIII

THE FUND FOR PROTECTION OF THE INSURED

Article 103. Contribution to the Fund for protection of the insured

1. Insurance enterprises and foreign branches (except reinsurance enterprises) must contribute to the Fund for protection of the insured.

2. By the 30th of April of each year, the Ministry of Finance shall announce the level of contribution to the Fund for protection of the insured in a fiscal year. The highest contribution

shall not exceed 0.3% of total premiums from direct insurance contracts, which are retained by the insurance enterprise or foreign branch in the fiscal year immediately preceding the year that the contribution is given.

3. By the 30th of June of each year, an insurance enterprise or foreign branch shall give 50% of the contribution to the fund for the fiscal year. By the 31st of December of each year, an insurance enterprise or foreign branch shall fulfill its contribution to the fund for the fiscal year.

4. Contributions shall be made until the value of the Fund for protection of the insured is equal to 5% of the total worth of assets of non-life insurance enterprises, health insurance enterprises and foreign branches and to 3% of the total worth assets of life insurance enterprises.

Article 104. Management of the Fund for protection of the insured

1. The Fund for protection of the insured shall be centrally managed by the Ministry of Finance and recorded, administered and monitored by type of life insurance, non-life insurance and health insurance. The Fund for protection of the insured is given juridical personality, has its private account(s) and seal.

2. Ministry of Finance shall supervise contributions of insurance enterprises and foreign branches to the Found for protection of the insured. Moreover, the Ministry of Finance shall manage and employ the Fund for protection of the insured towards the security of finances and in accordance with the objectives defined in this Decree and other relevant regulations.

Article 105. Principles of the use of the Fund for protection of the insured

1. The fund for protection of the insured shall disburse finances in these events:

a) When an insurance enterprise or foreign branch becomes and remains insolvent despite its measures to restore solvency, it shall resort to the Found for protection of the insured according to decision(s) of the Ministry of Finance on termination of solvency restoration measures;

b) When an insurance enterprise goes bankrupt, the Fund for protection of the insured shall be available upon a judge's pronouncement on the bankruptcy of the insurance enterprise.

2. The fund for protection of the insured is exclusively reserved for life insurance, non-life insurance and health insurance.

3. The fund for protection of the insured shall cover payouts, surrender value, claim payments and premium refinances according to insurance contracts upon requests of an insolvent insurance enterprise or foreign branch or a bankrupt insurance enterprise. Finances shall be disbursed once for each application for coverage of payouts, surrender value, claim payments or premium refinances.

Article 106. Disbursement of finances of the Fund for protection of the insured

1. The fund for protection of the insured shall disburse finances to:

- a) Cover payouts, surrender value, claim payments or premium refinances according to insurance contracts whose insurance enterprise or foreign branch is insolvent upon the Ministry of Finance's decision(s) on termination of solvency restoration measures (in case of insolvency of the insurance enterprise or foreign branch) or upon a judge's pronouncement of the bankruptcy of the insurance enterprise (in case of bankruptcy of the insurance enterprise);
- b) Finance the management of the Fund for protection of the insured, including salary, allowances, purchases, repairs, services and other spending.

2. The fund for protection of the insured shall disburse finances in accordance with these principles:

- a) The fund shall only cover direct insurance contracts and disburse finances once for each application for coverage of payouts, surrender value, claim payments or premium refinances;
- b) If the insolvent insurance enterprise or foreign branch or the bankrupt insurance enterprise cedes insurance contracts to other insurance enterprises or foreign branches, the fund shall disburse finances as limited in Article 107 of the Decree directly to the accepting enterprises and foreign branches;
- c) The fund shall only cover the difference between the sums that an insolvent insurance enterprise or foreign branch has to pay and the amounts that the insured receives from such insurance enterprise or foreign branch;
- d) The fund shall only cover the difference between the sums that a bankrupt insurance enterprise has to pay and the amounts that the insured receives as per legal regulations on bankruptcy;
- dd) If the insured owes debts to the insurance enterprise or foreign branch according to their insurance contracts and as per the law, the fund shall only cover the difference between the amounts that the insured receives as per Article 107 of this Decree and the sums that the insured owes to the insurance enterprise or foreign branch.

Article 107. Limit of coverage of the Fund for protection of the insured

1. The fund shall cover at most 90% of the rate of liabilities that a life insurance enterprise incurs according to its life insurance contracts; however, it shall cover at most 200 million Vietnam dong per person insured per contract. The rate of liabilities of a life insurance enterprise shall vary as follows:

- a) The rate of liabilities that the insurance enterprise incurs shall be equivalent to insurance benefits defined in the insurance contract yet actualized despite the occurrence of the insured event(s).

b) The rate of liabilities that the insurance enterprise incurs shall be equivalent to the surrender value of the insurance contract as a saving instrument, which is in effect, upon the competent government authority's announcement of the insolvency or bankruptcy of the insurance enterprise;

c) The rate of liabilities that the insurance enterprise incurs shall be equivalent to premiums earned for the remaining term of the insurance contract as a protective instrument, which is in effect and does not have a surrender value;

d) The rate of liabilities that the insurance enterprise incurs shall be equivalent to the value of the customer's account under the investment-linked insurance contract in effect upon the competent government authority's announcement of the insolvency or bankruptcy of the insurance enterprise;

dd) If many persons are insured under a life insurance contract, the maximum coverage of the Fund as stated in Point a, Point b, Point c and Point d, Section 1 of this Article shall individually pertain to each person insured, unless otherwise stipulated by the persons insured and the insurance enterprise in the insurance contract.

2. For health insurance contracts:

a) The fund shall cover at most 90% of the rate of liabilities that an insurance enterprise or foreign branch incurs; however, it shall not cover more than 200 million Vietnam dongs per person insured per contract;

b) If many persons are insured under a health insurance contract, the maximum coverage of the Fund as stated in Point a, Section 2 of this Article shall individually pertain to each person insured, unless otherwise stipulated by the persons insured and the insurance enterprise or foreign branch in the insurance contract.

3. For non-life reinsurance contracts:

a) For contracts on compulsory insurance against civil liabilities of motor vehicle owners, the fund shall cover the highest rate of liabilities that an insurance enterprise or foreign branch incurs according to the scope of insurance coverage defined in current laws.

b) For contracts on other insurance practices defined by the law, the fund shall cover at most 80% of the rate of liabilities that an insurance enterprise or foreign branch incurs; however, it shall not cover more than 100 million Vietnam dongs per contract.

Article 108. Procedure for disbursement of finances of the Fund for protection of the insured

1. An insurance enterprise or foreign branch shall be held accountable for submitting 01 set of the following documents to the Ministry of Finance:

- a) A filled-in form of application for resorting to the fund, as prescribed by the Ministry of Finance;
- b) The written endorsement by competent authorities of the fulfillment of the (bankrupt) insurance enterprise's scheme for classification of assets by value;
- c) The summary list of persons insured and applications for payouts, surrender value, claim payments or premium refinances according to insurance contracts that the insurance enterprise or foreign branch fails to cover; documents on the collection of reinsurance claim payments; documents on the collection of third parties' reimbursements upon the Ministry of Finance's decision(s) on termination of solvency restoration measures (if the insurance enterprise or foreign branch goes insolvent) or upon the completion of the scheme for classification of corporate assets (if the insurance enterprise goes bankrupt).

2. In 30 days upon receiving all documents defined in Section 1 of this Article, the Ministry of Finance shall be held responsible for:

- a) Examining the application by the insurance enterprise or foreign branch for coverage of payouts, surrender value, claim payments or premium refinances in order to specify the sums payable;
- b) Formulating the scheme for settlement of payouts, surrender value or claim payments;
- c) Disclose the fulfillment of payments to the insured in daily newspapers (at least in one central or local newspaper circulating at the sites of the headquarter, branches and transaction offices of the insurance enterprise or foreign branch) in the language of Vietnam in 03 consecutive issues; as well as the list of entities having received payments at the sites of its headquarter, branches and transaction offices and on the websites of the Ministry of Finance and the insurance enterprise or foreign branch. Such disclosure must specify the location, time and method of payments that the fund makes;
- d) Disbursing finances from the fund.

3. Entities receiving payouts, surrender value, claim payments or premium refinances from the fund must meet these requirements:

- a) Be named in the summary list enclosed to the disbursement applications that the Ministry of Finance has approved;
- b) Have these written evidences of the legitimacy of their interests in the fund's payments: Citizen identity card, ID card, passport or other valid personal identification papers; insurance contract(s); letter(s) of authorization to collect money (if any).

Article 109. Investment of the Fund for protection of the insured

1. Idle finances of the Fund shall only be invested in purchasing government bonds and government-guaranteed corporate bonds and depositing money in commercial banks in Vietnam.
2. Ministry of Finance shall invest or entrust an organization to invest the idle finances of the fund. Investment trustees must be licensed by competent authorities to make investments in conformity to the trust.

Chapter IX

MANAGEMENT AND SUPERVISION

Article 110. Responsibilities of Ministry of Finance

1. Provide guidelines for the implementation of legislative documents on insurance business; formulate policies and regulations on insurance business activities, strategies, plans, schemes and policies on the development of the insurance market in Vietnam.
2. Issue and revoke licenses of insurance enterprises, foreign branches and insurance broker enterprises; issue and revoke licenses of Vietnam-based representative offices of foreign insurance enterprises and foreign insurance broker enterprises.
3. Promulgate and endorse insurance rules, terms, fee schedules and commissions and provide guidelines thereof.
4. Supervise insurance business activities regarding professional practices, financial conditions, corporate management, risk management and legal compliance of insurance enterprises, insurance broker enterprises and foreign branches. Implement measures necessary for insurance enterprises, foreign branches and insurance broker enterprises to meet financial requirements and actualize commitments to insurance buyers.
5. Collect information, summarize and forecast situations in the insurance market.
6. Engage in international cooperation in insurance.
7. Valid overseas operations of insurance enterprises and insurance broker enterprises.
8. Manage activities of Vietnam-based representative offices of foreign insurance enterprises and foreign insurance broker enterprises.
9. Organize the training and development of managerial and specialist personnel with regard to insurance.
10. Inspect insurance business activities; handle complaints and denunciations and penalize violations of legal regulations on insurance business.
11. Propagate legal regulations on insurance business.

12. Organize the system to carry out the state management of insurance business.
13. Manage the disbursement of finances of the Fund for protection of the insured.

Article 111. Responsibilities of ministries and ministerial-level bodies

Ministries and ministerial-level bodies, according to their missions and authority, shall be responsible for:

1. Cooperating with the Ministry of Finance in formulating policies and regulations on insurance business.
2. Cooperating with the Ministry of Finance in inspecting and supervising the compliance with legal regulations on insurance business and penalizing violations thereof.
3. Conduct other assignments intra vires as per the law.

Article 112. Responsibilities of provincial People's Committees

Provincial People's Committees, according to their missions and authority, shall be responsible for:

1. Handling formalities in relation to the establishment and operation of insurance enterprises, insurance broker enterprises, Vietnam-based representative offices of foreign insurance enterprises and foreign insurance broker enterprises in their administrative areas after the Ministry of Finance has issued relevant licenses.
2. Cooperating with the Ministry of Finance in penalizing violations of legal regulations on insurance business in their administrative areas.
3. Conduct other assignments as per the law.

Chapter X

INSPECTION AND PENALTY

Article 113. Inspection of insurance business activities

1. The inspection of insurance business activities shall be subject to Article 122 of the Law on insurance business and legal regulations on inspection of enterprises.
2. The inspection of insurance business activities shall adhere to these rules:
 - a) The inspection of insurance business activities must adhere to inspectorates' functions and authority and abide by the law. Inspections shall not overlap or duplicate over an affair in an enterprise in a year (except ad hoc inspection);

b) Inspections must be validated by competent individuals and concluded in writing. The leader of the inspectorate shall be held accountable for the written record and findings of the inspection.

3. The inspection of insurance business activities of Vietnam-based branches of foreign non-life insurance enterprises shall take place as follows:

a) Ministry of Finance of Vietnam shall inspect activities of Vietnam-based branches of foreign non-life insurance enterprises as per the law;

b) State authorities managing overseas insurance in the home country of foreign non-life insurance enterprises shall inspect the activities of the enterprises' Vietnam-based branches as follows:

- Before conducting an inspection, state authorities managing overseas insurance in the home country of foreign enterprises must inform the Ministry of Finance of their inspection plans;

- After completing an inspection, state authorities managing overseas insurance in the home country of foreign enterprises must provide the Ministry of Finance with their findings;

Article 114. Penalty

Entities violating legal regulations on insurance business shall incur disciplinary and administrative penalties or face criminal charges, according to the nature and degree of their violations and as per the law.

Chapter XI

IMPLEMENTATION

Article 115. Effect

1. This Decree comes into force as of July 01, 2016.

2. When this Decree takes effect, the Government's Decree No. 45/2007/ND-CP dated March 27, 2007 on elaborating the implementation of certain articles of the Law on insurance business; the Government's Decree No. 123/2011/ND-CP dated December 28, 2011 on elaborating the implementation of certain articles of the Law on amendments to the Law on insurance business and to certain articles of the Government's Decree No. 45/2007/ND-CP dated March 27, 2007 on elaborating the implementation of certain articles of the Law on insurance business; the Government's Decree No. 68/2014/ND-CP dated July 09, 2014 on amendments to certain articles of the Government's Decree No. 45/2007/ND-CP dated March 27, 2007 on elaborating the implementation of certain articles of the Law on insurance business and the Government's Decree No. 46/2007/ND-CP dated March 27, 2007 on financial regulations on insurance enterprises and insurance broker enterprises shall lose effect.

Article 116. Responsibility for implementation

Ministers, Heads of ministerial-level bodies, Heads of government authorities, Chairpersons of provincial People's Committees and entities regulated by this Decree shall be responsible for implementing this Decree./.

**FOR THE GOVERNMENT
PRIME MINISTER**

Nguyen Xuan Phuc