



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly

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(Unofficial Translation)

Insurance Law (Amended)

PART I

General Provisions

Article 1 (New). Purpose

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

Article 2 (New). Insurance

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

Article 3 (New). Definitions

Terms used in this Law shall have the following meanings:

1. **Insurance business** means the activities of the insurer operating a business to insure risks on assets and lives of individual and legal entities, creating jobs in the economic system provided that the insurer accepts risks that may occur with the insured on the basis that the insured shall pay an insurance premium to enable the insurer to have reserve funds to pay for indemnity or damages to the beneficiary

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- in accordance with provisions as stipulated in the insurance contract upon damage occurred;
2. **Reinsurance business** means the activities of the insurer who carries out risk management on general insurance to be reinsured with a reinsurer within the country or in a foreign country;
 3. **Insurer** means an enterprise established and operated in accordance with the provisions of this Law and provisions of other related laws;
 4. **Purchaser of insurance** means an organization or individual entering into a contract of insurance with an insurer , and paying an insurance premium in full amount as defined in the contract, the purchaser of insurance may at the same time be the insured person or the beneficiary;
 5. **Insured person** means an organization or individual having their properties, civil liability or life insured in accordance with an insurance contract. The insured person may at the same time be the beneficiary;
 6. **Beneficiary** means an organization or individual nominated by the purchaser of insurance to receive the insurance proceeds under a contract of personal insurance;
 7. **Insurance Premium** means an amount of money which the purchaser of insurance must pay to the insurer within the time-limit and by the method agreed by the parties in the insurance contract;
 8. **Endowment Insurance** means an insurance product relating to the life of the insured person up to a fixed time, under which the insurer must pay the insurance proceeds to the beneficiary and if the insured person is still alive at the time agreed in the insurance contract;
 9. **Life Insurance** means types of insurance product relating to the life or death of the insured person;
 10. **Combined Insurance** means an insurance product combining endowment insurance and death benefit insurance;
 11. **Whole of Life Insurance** means an insurance product under which the insurer must pay the insurance proceeds to the beneficiary if the insured person dies at any time whatsoever;
 12. **Periodical payments insurance** means an insurance product relating to the life of the insured person up to a fixed time, under which the insurer must pay insurance proceeds to the beneficiary after the time agreed in the insurance contract;
 13. **Withdrawal of Money in Accordance with the Contract** means an amount remaining from the deduction from the insured amount and costs occurred, when the policyholder paid the insurance premium for a certain period of time and then

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canceled the contract for which the policyholder [then] has the right to a withdrawal as provided in the contract;

14. **Accident and Disaster Insurance** means one of the general insurances involving risks on properties, civil liability and other kinds of insurance other than life insurance;
15. **Indemnity** means the amount of compensation for damages that the insurer shall pay to the policyholder or beneficiary in accordance with the scope defined in the insurance contract;
16. **Sum Insured** means a purchaser of insurance and the insurer shall agree in the insurance contract;

Article 4 (New). Government Policy on Insurance

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

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

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

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

Article 5 (New). Insurance Principles

Insurance activities shall follow the following main principles:

1. Ensuring centralized administration in a uniform manner nationwide;
2. Ensuring the encouragement and promotion for the growth of businesses and investment;
3. Ensuring fairness, transparency, completeness and accountability;
4. Providing various facilitations to insurers and purchase of insurance as parties involved in insurance business operations;
5. Collaborating harmoniously between the vertical and horizontal-line authorities.

Article 6 (amended). Scope of Application of Law

This Law applies to both domestic and foreign individuals, and organizations involved in all types of insurance to carry out an insurance business, purchaser of insurance beneficiaries and other individuals and organization applied to property and those required by laws and regulations to buy compulsory insurance.

Article 7 (New). International Cooperation

The Government has opened relationship and cooperation with foreign countries, regional and international cooperation on insurance by sharing lessons, exchange of technical expertise, information and professional, seeking for assistance of human resource development and other aspects and implementation of international agreements or treaties to which the Lao PDR is a party.

PART II
Insurance

Article 8 (New). Types of Insurance

There are two types of insurance:

- Life insurance;
- Non-life insurance.

Article 9 (New). Life Insurance

Life insurance is insurance involved the risk for the entire life of the purchaser of insurance or insured upon death.

Article 10 (New). Categories of Life Insurance

Life insurance includes the following categories:

- Whole life insurance;
- Endowment insurance;
- Combined life insurance;
- Periodical payments insurance; and,
- Term life insurance.

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

Article 11 (New). Non-life Insurance

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

There are two types of non-life insurance:

- Compulsory insurance;
- Voluntary insurance.

Article 12 (New). Compulsory Insurance

Compulsory insurance applies to the following individuals, organizations and business units in all sectors conducting temporary or permanent business activities in Lao PDR, including Motor vehicles, hotels, guesthouses, entertainment places , restaurants, markets, construction sites, warehouses, chemical warehouses, fuel warehouses, explosive substance warehouses, factories, land, navigation and air transportation of goods and passengers, fire and places for producing and storing explosive substance.

Detailed regulations on compulsory insurance will be defined separately.

Article 13 (New). Voluntary Insurance

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

Article 14 (New). General Insurance

General insurance consists of the following:

- Accident insurance [and treatment of injured people from an accident];
- Health insurance;
- Property insurance;
- Goods and transit goods by land, water and rail, and air transport insurance;
- Aviation insurance;
- Transport running with engines insurance;
- Fire and explosive object manufacturing site insurance;
- State asset insurance;
- Financial and credit risk insurance;
- Business risk insurance;
- Agriculture and forestry insurance; and,
- Accident and disaster insurance.

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

PART III
Reinsurance

Article 15 (New). Reinsurance

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

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

Article 16 (New). Areas of Reinsurance Business

Reinsurance business shall comprise:

1. Ceding to one or more other insurers a part of the liability insured;
2. Accepting to insure again a part or all of the liability which another insurer has insured.

PART IV
Insurance Business Operations

CHAPTER 1
Establishment and Operation of Insurance Business

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

Individual or organization wishing to establish and operate an insurance business in Lao PDR shall submit the application from to the One-stop service office of Ministry Planning and Investment for consideration as stipulated in the Law on Investment Promotion.

Article 18 (amended). Types of Insurance Business

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

Article 19 (amended). Areas of Insurance Business Operation

The areas of insurance business operation shall comprise:

1. Insurance business, re-insurance business;
2. Risk management, prevention and limitation of loss;
3. Loss assessment;
4. Loss assessment agency , agency for consideration and resolution of indemnity , and agency for third party recovery claims;
5. Management of fund and investment; and,
6. Other operations in accordance with the laws of Lao PDR.

Article 20 (amended). Conditions for Establishment of Insurance Business

Individual or organization wishing to establish an insurance business shall have conditions as follows:

1. Good track-record on business operation;
2. Registered capital and insured sum as defined in Articles 21 and 24 of this Law;
3. Professional and experience management on insurance;
4. Employees shall have knowledge on insurance with certificate or diploma or degree in insurance;
5. Has never been in prison relating to economic crime; and,
6. Has suitable office for operating an insurance business.

Article 21 (amended). Minimum Registered and contributed Capital

An insurance business operator established under this law shall have a registered capital of not less than sixteen billion kip.

During the operation of business, the insurance business operator shall maintain minimum contributed capital of the total share not less than the level of registered capital as defined in the above paragraph.

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

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

Domestic and foreign individual and organization fulfilling all conditions is

Eligible to file an application to operate an insurance business to the Planning and Investment Sector in accordance with the laws and regulations of Lao PDR.

The consideration of issuing a license shall be within forty-five working days from the date of receipt of a complete application file for issuance of a license for the establishment and operation.

Article 23 (amended). License Fee

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

Article 24 (amended). Security Deposit

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

Article 25 (amended). Right to issue a license for the Establishment and Operation of an Insurance Business

The Ministry of Planning and Investment has a right to issue a license for the establishment and operation of an insurance business in accordance with the approval of the Ministry of Finance.

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

Article 26 (amended). Withdrawal of an Insurance Business License

An insurance business operator may have its license for establishment and Operation withdrawn upon occurrence of one of the following events:

1. It has not fulfilled the requirements as provided in this Law;
2. It has not timely implemented measures as provided in the effectiveness improvement plan of the company;
3. It has seriously violated regulations related to the implementation of obligations that are still valid;
4. It has not commenced insurance business operation after receiving a license as defined in Article 25 of the Law on Investment Promotion.

Once the license of an insurer is withdrawn, a license of its agents shall also be withdrawn.

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The withdrawal of a license or suspension of operation of an insurer be made through a letter to the insurer by explaining the reason of withdrawing or suspending license.

Article 27 (amended). Appeal against the withdrawal decision

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

CHAPTER 2

Joint-Venture Insurance Company and Insurance Broker

Article 28 (amended). Types of Investment

A domestic insurer and insurance broker wishing to operate as a joint-venture insurance company with a foreign investor is eligible to operate under the types of investment as defined in the Law on Investment Promotion and Law on Enterprise.

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

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

Article 30 (amended). Conditions for the Establishment of a Foreign Representative Office

The establishment of a representative office of a foreign insurance company shall have the following conditions:

1. It has experience in operating insurance business for at least five years;
2. It has maintained good cooperation with the concerned authorities of the Government of Lao PDR.

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

Article 31 (amended). Right to Issue a License

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

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

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

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

Article 33 (New). Application for Establishment of a Representative Office

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

1. Application for establishment of a representative office;
2. A copy of the license of the foreign insurance company issued in the country where the headquarter is located;
3. Balance sheet and annual financial report for the last three years of the foreign insurance company or insurance broker certified by an independent auditor;
4. A letter of appointment for a representative office manager in Lao PDR;
5. Full name and CV of the representative office manager in Lao PDR;
6. Certified letter of the head quarter and its activities with the associations and other organizations of Lao PDR.

Article 34 (New). Periods and Fee for the Issuance of a License and Notification of the Scope of Business Operation

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

Article 35 (amended). Areas Scope of Business Operation

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

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

Article 36 (amended). Withdrawal of a License

If the license of the head quarter in foreign country is withdrawn, a license of a foreign insurance company or foreign insurance broker established in Lao PDR shall be withdrawn.

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

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

PART V

Insurance Contract

CHAPTER 1

Principles of Insurance Contract

Article 37 (amended). Insurance Contract

Insurance contract is an agreement reached between the insurance purchaser and insurer whereby the insurance purchaser shall have to pay insurance premium while the insurer shall have to pay insurance money to the beneficiary or the indemnity to the insurance purchaser the insured upon the occurrence of the insured event. Each type of insurance contract made by the insured in Lao PDR shall be made only with an insurer registered and operating in Lao PDR.

Types of insurance contract shall include:

1. Personal insurance contracts;
2. Property insurance contracts;
3. Civil liability insurance contracts.

Article 38 (Old) Main Contents of Insurance Contract

An insurance contract must contain the following details:

1. Names and surnames, addresses of the contracting parties;
2. Object of insurance;
3. Types of risks insured;
4. Effective date of insurance contract;
5. Sum insured;
6. Insurance premium and payment methods;
7. Methods and provisions for notifying damages occurred;
8. Insurance duration of the insurance contract and guarantee;
9. Wording that indicates the invalidity of insurance contracts, the loss of rights and termination of a contract prior to its expiration;
10. Methods of dispute settlement.

Article 39 (amended). Effectiveness of the Contract

An insurance contract shall be effective only when the insurance contract are concluded or when there appears evidence the insurer have accepted the insurance and the insurance purchasers have paid the insurance premium, except otherwise agreed upon in the insurance contract.

Article 40 (amended). Insurance Certificate

An insurance certificate is a contracting document delivered by the insurer that determines general conditions of insurance contracts. An insurance contract shall be enforceable only when general conditions are agreed upon by parties and the insurance purchaser paid the insurance premium which is evidenced by an insurance certificate.

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

Article 41 (amended). Period of an Insurance Contract

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

Article 42 (New). Amendment of Insurance Contract

An insurance contract can be amended based on an agreement of contracting parties.

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

Article 43 (amended). Null and void insurance contracts.

An insurance contract shall become null and void the following circumstances:

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

Article 44 (New). Providing Information [for an Insurance Contract]

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

Insurer has the right to suspend or cancel the implementation of an insurance contract and collection of insurance premium if the insurance purchaser does the following actions:

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

Unofficial Translation

If the insurer intentionally provides false information, the insurance purchaser has the right to suspend or cancel the implementation of the insurance contract, and the insurer shall compensate for damages occurred from such false information provided.

Article 45 (New). Changes in degrees of insured risks

When there is change in the factors providing basis for the calculation of insurance premium, thereby leading to a reduction in the insured risk, the insurance purchaser shall have the right to require the insurer to reduce the insurance premium for the remaining duration of the insurance contract. If the insurer does not agree to reduce the insurance premium the insurance purchaser shall have the right to suspend unilaterally the implementation of the insurance contract, but must provide immediately written notice to insurer and provide a copy of the notice to the Ministry of Finance

When there is a change in the factors providing the basis for the calculation of the insurance premium, thereby leading to an increase in the insured risks, the insurer shall have the right to recalculate the insurance premium for the remaining duration of the insurance contract. If the insurance purchaser does not agree to an increased insurance premium, the insurer shall have the right to suspend unilaterally the implementation of the insurance contract, but must immediately provide written notice to the insurance purchaser and provide a copy of the notice to the Ministry of Finance.

Article 46 (amended). Time-Limits for Requesting Payment of Insurance Indemnity or Annuity

Claiming for insurance annuity or indemnity shall be as follows:

1. The time-limit for requesting payment of insurance indemnity or annuity shall be one year from the date of occurrence of the insured event. The force majeure or any other objective interruption shall not be included when calculating the time-limit for requesting payment of insurance indemnity or annuity.
2. Where the insurance purchaser can prove that they do not know the time when the insured events occur, the time limit prescribed in Clause 1 of this Article shall be counted from the date the insurance purchaser know the occurrence of such insured events.
3. Where the third party demands the insurance purchaser compensate for damage covered by the insurance as agreed upon in the insurance contract, the time limit prescribed in Clause 1 of this Article shall be counted from the date the third party so demands.

Unofficial Translation

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

Article 47 (amended). Time-Limits for Payment of an Insurance Indemnity or Annuity

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

Article 48 (amended). Limitation Period for Legal Proceedings

Legal proceedings arising from an insurance contract shall be carried out within three years from the date the dispute occurred. The prescription may be suspension according to Article 30 of the Law on Contracts in condition that there are justified reasons; there is an appointment of an expert to prove the facts after damages occurred.

Article 49 (New). Transfer of Insurance Contract

The transfer of an entire insurance contract on one or several insurance operation between insurance companies shall be implemented based on their agreement.

The transfer of insurance contract shall be reported to the Ministry of Finance.

Article 50 (New). Requirements for the Transfer of an Insurance Contract

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

1. Shall be the same form of insurance;
2. Rights and obligations in the insurance contract shall not be changed throughout the implementing period of the insurance contract;
3. The insurer who received the transferred insurance contract shall have financial stability and a reserve fund as defined in the laws and regulations.

Article 51 (New). Procedure for the Transfer of an Insurance Contract

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

1. Reasons and transfer plan with the copied insurance contract shall be submitted to the Ministry of Finance;
2. Transfer of an insurance contract can be processed only after having a written notification of the Ministry of Finance;
3. Transfer of insurance contract shall be disclosed by the insurer to the purchaser of insurance in writing within thirty days from the date of receipt of the notification.

CHAPTER 2
Personal Insurance Contract

Article 52 (amended). Subject matter of contract of personal insurance

The subject matter of a contract of personal insurance shall be the longevity, life and health of personal and personal accidents.

The purchaser of insurance may only purchaser insurance for the following persons:

1. Purchaser itself;
2. Spouse, child, or parents of the purchaser and siblings of the purchaser;
3. Other persons in whom the purchaser of insurance has an insurable interest.

Article 53 (New). Life, personal Accident and Health care Insurance Contract

A life insurance contract is a contract that aims to receive insurance indemnity in case the insured death and the insurer shall pay to the beneficiary as agreed in the insurance contract.

In personal accident insurance contract, the insurer must pay insurance proceeds to the beneficiary up to the sum insured, based on the actual injury of the person insured and as agreed in the insurance contract.

In personal health care insurance contract, the insurer must pay insurance proceeds to the insured person up to the sum insured, based on the costs of medical examination, treatment and convalescence of the insured person arising as a result of an illness or accident and as agreed in the insurance contract.

Article 54 (New). Notification of age for in life insurance

A purchaser of insurance shall be obliged to notify the correct age of the insured person at the time of entering into the insurance contract, as a basis for calculating the insurance premium.

In the case where a purchaser of insurance notify an incorrect age to the insured person, and the correct age of the insured person is in fact outside the insurable range, the insurer shall have the right to rescind the insurance contract and to deduct all related legitimate expenses before refunding to the purchaser of insurance the amount of insurance premium already paid

In the case where a contract of life insurance has been in effect for two or more years, the insurer must pay to the purchaser of insurance the surrender value of the insurance contract.

Unofficial Translation

In the case the purchaser of insurance notifies an incorrect age of the insured person, hereby resulting in a reduced insurance premium being payable, and the correct age of the insured person is in fact within the insurable range, the insurer shall have the right to require the purchaser of insurance to pay an additional premium to correspond to the amount of premium agreed in the insurance contract or reduce the sum insured under the insurance contract corresponding to the amount of premium actually paid;

In the case where a purchaser of insurance notifies an incorrect age of the insured person, thereby resulting in an increased premium being payable, and the correct age of the insured person is in fact within the insurable range, the insurer must refund to the purchaser of insurance the excess insurance premium paid, or increase the sum insured under the insurance contract to correspond to the amount of premium actually paid.

Article 55 (New). Payment of life insurance premium

A purchaser of insurance may pay the insurance premium in a lump sum or by installments at the time and by the methods agreed in the insurance contract, in the case where an insurer agrees the payment of the insurance premium every three months, six months or more than that, the outstanding amount of insurance premium shall be regarded as a debt that the insurer shall have the right to deduct from the amount of insurance indemnity to be paid as agreed in the insurance contract.

In the case an insurance premium is payable by installments and the purchaser of insurance has already paid a number of installments but is unable to pay the following installments, after a period of less than two month from the date of any grace period, the insurer shall have the right to suspend unilaterally the implementation of the contract and the purchaser of insurance shall not have the right to demand repayment of insurance premium paid where insurance premiums have been paid of less than two years, unless otherwise agreed by the parties in the insurance contract.

In the case where the purchaser of insurance has already paid insurance premiums for two or more years and the insurer unilaterally suspends implementation of the contract pursuant to the provisions in clause 2 of this article, the insurer must pay the surrender value of the insurance contract to the purchaser, unless otherwise agreed by the parties in the insurance contract.

The parties may agree to reinstate the effectiveness of an insurance contract which has been unilaterally suspend pursuant to the provisions in clause 2 of this article, within a period of two years from the date of suspension and where the purchaser of insurance has paid the outstanding insurance premium.

Article 56 (amended). Transfer of Benefits in Life Insurance Contract

The transfer of benefits in life insurance contract to another person shall be specified in writing the beneficiary, sum insured by the insurance purchaser and submitted to the insurer.

The transfer of benefits in life insurance contract to an insane person or a person under 18 years of age shall be carried out upon the agreement of the parents or guardians of such person.

Article 57 (New). Cases in which insurance indemnity shall not be paid

The insurer shall not be obliged to pay the insurance indemnity in the following cases:

1. The insured person commits suicide within a period of two years from the date of payment of the first insurance premium installment or from the date of reinstatement of effectiveness of an insurance contract
2. The insured person dies or is permanently disabled due to the intentional wrongful act of the purchaser of insurance or of the beneficiary;
3. In any case where one or several beneficiaries intentionally causes the death or permanent disablement of the insured person, the insurer shall remain liable to pay insurance indemnity to the other beneficiaries as agreed in the insurance contract;
4. In any case covered by clause 1 of this article, the insurer must pay to the purchaser of insurance the surrender value of the insurance contract or must refund the whole of the insurance premium already paid after deduction of related legitimate expenses. If the purchaser of insurance is deceased, the amount of the refund shall be determined in accordance with the laws on inheritance.

Article 58 (New). Tax Exemption for Personal Insurance

Personal insurance is exempted from taxes as follows:

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

CHAPTER 3
Property Insurance Contracts

Article 59 (New). Subjects of the Property Insurance Contracts

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

Article 60 (amended). Principles for Insurance Indemnity Payment

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

Article 61 (amended). Right to Claim a Compensation for Damages By and From a Third Party

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

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

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

Article 62 (New). Damages Not Subject to the Payment of Indemnity

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

Article 63 (amended). Compensation for Damages

The compensation for damages shall be implemented as follows:

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

Article 64 (amended). Forms of indemnity

The purchaser of insurance and the insurer may agree on one of the following forms of indemnity:

1. Repair of the damaged property;
2. Replacement of the damaged property with other that has equal value;
3. Payment of monetary compensation.

If the purchaser of insurance and the insurer fail to agree on the form of the indemnity, the form of indemnity under clause 3 shall be applied.

In the case of indemnity under clauses 2 or 3 of this article, the insurer shall have the right to repossess the property after it has been replaced or after full payment of indemnity in accordance with the market price of the property.

Article 65 (New). Loss Assessment

Upon occurrence of the insured event, the insurer or the person authorized by it shall conduct a loss assessment to determine the causes and extent of the loss. The insurer shall bear the costs of the loss assessment.

If the parties do not reach agreement on the causes and extent of the loss, they may engage an independent assessor, unless otherwise provided in the insurance contract. If the parties do not agree on the engagement of an independent assessor, one of the parties may request a people's court, at the place where the loss occurred or at the place where the insured resides, to appoint an independent assessor. The conclusion of the independent assessor shall be binding on both parties.

Article 66 (amended). Right of subrogation

Where the wrongful act of the insured person causes damage to a third party, the insurer shall indemnify insured person and/or the third party as defined in the insurance contract.

In the case where a third party causes damage to an insured person, the third party shall be responsible for compensation of the damage occurred to the insured person in accordance with the law and regulations.

If the injury caused by a road accident of which the motor vehicle is insured, the insurer shall indemnify the costs of treatment to the injured person in case there is no insurance funding available, the insured person must pass to the insurer the right to claim a recovery of such indemnity from the third party.

Article 67 (amended). Contract of property Insurance below Value

In the case where a contract of property insurance below value is entered into, the insurer shall only be responsible to indemnify in accordance with the ratio of the sum insured to the market value of the insured property at the date of entering into the contract.

Article 68 (New). Contract of property Insurance above Value

In the case where a contract of property insurance above value is entered into due to the unintentional wrongful act of the purchaser of insurance, the insurer must refund to the purchaser of insurance the amount of paid insurance premium corresponding to the insured sum which exceeds the market value of the insured property, after deducting legitimate related expenses. Upon occurrence of the insured event, the insurer shall only be responsible to indemnify for damage not exceeding the market value of the insured property.

Article 69 (New). Double Insurance Contracts

Double insurance contracts means the situation where the purchaser of insurance enters into an insurance contract with two or more insurers in order to insure on single subject matter, on the same conditions and for the same insured event.

In the case where the parties enter into double insurance contracts, upon occurrence of the insured event, each insurer shall only be responsible to indemnify in accordance with the ratio of the agreed sum insured to the total sum insured under all insurance contracts which the purchaser of insurance has entered into. The total sum of indemnity payable by all of the insurers shall not exceed the value of the actual property damage.

CHAPTER 4

Reinsurance Contract

Article 70 (New). Reinsurance Principles

Insurers may reinsure with other insurers, including with domestic or insurers overseas in order to reduce the risks of to insured property in compliance with domestic and international laws and regulations. The insurer shall provide information of the reinsurance contract and other information to the Ministry of Finance for monitoring, managing and inspecting.

Article 71 (New). Requirements of reinsurance

Reinsurance shall be carried out according to the following requirements:

1. Shall be suitable to the conditions of the business operation of the reinsurer;
2. Shall be technically feasible and suitable to the field of business operation of the authorized reinsurer;
3. Shall be reliable and reputable among insurance markets in Lao PDR, in the regional and international insurance markets, financially sustainable and has expertise in the field of reinsurance.

If the Ministry of Finance examines that the reinsurance does not fulfill the requirements defined above, it has the right to send a written notice to cancel or to revise or not permit the reinsurance business.

Article 72 (New). Liability of reinsurance Business

The insurer shall be responsible to the purchaser of insurance in accordance with an insurance contract, including reinsurance of property.

The reinsurer is not allowed to require the purchaser of insurance to pay insurance premium to him/her directly, except if the insurance contract defines otherwise.

The purchaser of insurance is not allowed to require the reinsurer to pay compensation to him/her, except if the insurance contract defines otherwise.

CHAPTER 5

Contracts of Civil Liability Insurance

Article 73 (amended). Liability of insurers

The liability of an insurer only arises if a third party makes a claim against an insured person for indemnity for damage caused to the third party due to the wrongful act of the insured person during the period of insurance.

Article 74 (New). Right to represent insured person

The insurer may act on behalf of a purchaser of insurance in negotiations with the third party in relation to the level of damage, unless otherwise agreed in the insurance contract

Article 75 (amended). Methods of paying indemnity

Depending on the request of the insured person, an insurer may pay the indemnity directly to the insured person or to the third party which incurred the damage.

PART VI
Insurance Agent and Insurance Broker

CHAPTER 1
Insurance Agent

Article 76 (New). Insurance Agent

Insurance agent means an organization or individual authorized by an insurer on the basis of a contract of insurance agency to conduct insurance agency activities in accordance with the provisions of this law and the provisions of other relevant laws.

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

Article 77 (New). Conditions for operation of insurance agents

An insurance agent shall fulfill the following **conditions**:

1. For individuals:
 - Be a Lao citizen permanently residing in Lao PDR;
 - Be 18 years of age or more with full capacity for civil act;
 - Have a certificate of training as insurance agent issued by an insurer;
 - Have never been imprisoned as the consequence of intentional actions;
 - Be in good health.
2. For organization:
 - Be legally established and operating organization.

Article 78 (New). Rights and Obligations of an Insurance Agent

An insurance agent has the following rights and obligations:

1. Offer and sell insurance;
2. Issue insurance contracts;
3. Collect insurance premium and handover to the insurer;
4. Provide coordination for purposes of inspection and problem solving when an insurance accident occurs;
5. Deliver full indemnity to a purchaser of insurance or beneficiary on timely manner;
6. Implement other duties related to an insurance contract.

Article 79 (New). Contents of contract of insurance agency

A contract of insurance agency must contain the following main items:

1. Name and address of the insurance agent;
2. Name and address of the insurer;
3. Rights and obligations of the insurer and the insurance agent;
4. Insurance agent commission;
5. Duration of the contract;
6. Principles for dispute resolution;
7. Guarantee deposit.

Article 80 (New). Liability of insurance agents

In the case where an insurance agent breaches the provisions of the contract of the insurance agency, thereby causing damage to the lawful rights and interests of an insured person, the insurer shall remain liable for any insurance contract which the insurance agent has arranged to be entered into; and the insurance agent shall be liable to indemnify the insurer for any amount paid by the insurer as indemnity to insured person.

CHAPTER 2
Insurance Brokers

Article 81 (New). Insurance Brokers

Insurance broker means an individual or organization that is authorized to conduct insurance broking activities.

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

Article 82 (New). Applying for Licenses for Establishment and Operation of Insurance Brokers

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

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

Article 83 (New). Areas of operation of Insurance Brokers

The areas of operation of insurance brokers shall comprise:

1. Provision of information to purchasers of insurance on types of insurance, their terms and conditions, insurance premiums and insurers;

2. Providing consultancy services to purchasers of insurance on estimating risks, selecting types of insurance terms and conditions, insurance premiums and insurers;
3. Negotiating and arranging the entering into insurance contracts between insurers and purchasers of insurance;
4. Carrying out other tasks related to the implementation of insurance contracts, at the request of purchaser of insurance.

Article 84 (New). Rights and Obligations of Insurance Brokers

Insurance brokers have the following rights and obligations:

1. Insurance brokers shall be entitled to an insurance brokerage commission that shall be included in insurance premium.
2. Insurance broker activities are protected under the laws and regulations;
3. Provide opinions on insurance business operations to the Insurance Management Authority;
4. Operate insurance broker activities honestly;
5. Not to disclose or supply information causing damage to the lawful rights and interests of purchasers of insurance; To pay compensation to purchaser of insurance for damage caused by insurance broking activities.

Article 85 (New). Professional indemnity Insurance

An insurance broker must purchase professional indemnity insurance for its insurance broking activities at an insurer operating in Lao PDR.

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

PART VII

Competition in the Insurance Business

Article 86 (New). Competition in the Insurance Business

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

Article 87 (New). Principles of Competition in Insurance Business

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

The competition in insurance business shall be as follows:

1. Shall not create misunderstanding to potential purchasers of insurance or the insured from the insurer;
2. Shall not overstate the information;
3. Shall not allege or blame each other by any forms;
4. Shall not mobilize senior, experienced employees from each other that causes damages to insurers and insurance agents;
5. Shall not decrease the insurance premium below the rates defined by the laws and regulations.

PART VIII

Financial, Accounting, and Financial Reporting Requirements

CHAPTER 1

Financial Requirement

Article 88 (amended). Compliance with the Financial Requirement

An insurer and insurance broker shall comply with the financial requirement, reserved funds and insurance reserves as defined in the laws and regulations of Lao PDR.

Article 89 (New). Reserve Funds

Insurers and insurance brokers must establish reserve fund as defined by the Law on Enterprise to ensure the adequate fund to cover the risks in business operations and business expansion.

Article 90 (amended). Insurance Reserves

Insurance reserve means an amount of money which an insurer must set aside for the purpose of payment of its insurance liabilities determined in advance and arising from the insurance contracts which it has entered into.

Insurance reserves must be separately established for each type of insurance product and must be equivalent to that part of the liability retained by the insurer.

The Ministry of Finance shall issue the specific regulations on the amount to be set aside and the method of establishing a reserve for each type of insurance products.

CHAPTER 2
Accounting and Reporting [Regime]

Article 91 (amended). Accounting Regime

Insurers and insurance brokers must implement the accounting regime applicable to insurance business in accordance with the laws on Accounting and other relevant laws and regulations of Lao PDR.

Article 92 (New). Remittance of Profits, Dividends, and Transfer of Assets Overseas

Foreign insurers and insurance brokers invested and operating in Lao PDR can remit overseas the remaining profit and dividends after fulfilling financial obligations and making deductions into the relevant reserved funds as provided under the laws of Lao PDR.

Foreign insurers and insurance brokers may remit overseas their remained assets after liquidation or termination of their operations in Lao PDR and payment of all obligations including debts.

Article 93 (amended). Solvability

All insurance enterprises must possess evidence on appropriate solvability.

Solvability shall include:

1. Corporate capital and investment capital;
2. Reserved fund not related to may obligations;
3. The carried over profit and outputs of the year after having subtracted Losses;
4. Surplus value from the price estimates by the Law asset component;
5. Intangible assets are not included in the solvability.

Article 94 (New). Use of security deposit

Insurers have the right to use the security deposit, assets that are deposited in commercial banks to pay debts when it terminates its operations as in the following condition:

1. Voluntary;
2. Violations against the laws and regulations;
3. Bankruptcy.

A claim for a security deposit shall be implemented as follows:

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

Unofficial Translation

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

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

Article 95 (New). Investment of capital

The investment of capital by insurer must ensure safety, effectiveness and the ability to make the a regular payments by the undertakings in insurance contract, it shall be agreed by the meeting of the shareholders.

Insurers may only use their idle capital to invest in Lao PDR in following prioritized sectors:

1. Purchase of government bonds;
2. Purchase of corporate shares and bonds;
3. Invest in the real estate business;
4. Capital contribution in other enterprises;
5. Deposit with commercial banks or financial institutions.

Article 96 (New). Financial income - Expenditure

Financial income and expenditure of the insurer and insurance brokers shall be dealt with in accordance with Accounting Law and standards of accounting principles of Lao PDR.

The Ministry of Finance shall provide guidelines for and shall inspect the implementation of the financial regime for insurers and insurance brokers.

Article 97 (New). Financial year

The financial year of the insurers and insurance brokers shall commence on 1 January and end 31 December of the same calendar year as defined in the Law on Accounting.

The first financial year of the insurers and insurance brokers shall commence on the date of issuance of the license for establishment and operation of a business and end on 31December of that year.

Article 98 (New). Auditing the Financial Statement

Annual financial statement of insurers and insurance brokers must be certified by an independent auditor or relevant state management.

The Ministry of Finance have the right to require the insurers and insurance brokers to be rated by domestic or foreign rating company.

Article 99 (amended). Financial reporting

Insurers and insurance brokers must implement the financial reporting regime as provided in the Accounting Law and must periodically report its business operations.

In addition to a regular reports, the insurers and insurance brokers must submit financial reports to the Ministry of Finance in the following circumstances:

1. Upon occurrence of any unusual event in the conduct of business operations;
2. When insurers and insurance brokers fail to satisfy the financial requirement for fulfilling their obligations;
3. When there is a request letter from the Ministry of Finance.

Article 100 (New). Publishing of Financial Report

After the end of the financial year, insurers and insurance brokers has the right to publish it's their financial reports audited by an independent auditor or relevant state management.

PART IX

Rights and Obligations Of The Insurer And Purchaser Of Insurance

Article 101 (New). Rights and Obligations of the Insurers

An insurer shall have the rights:

1. To collect the insurance premium in accordance with the agreement in the insurance contract;
2. To require the purchaser of insurance to provide correct and complete and truthful information relating to entering into and implementing the insurance contract;
3. To suspend unilaterally the implementation of the insurance contract when given incorrect and incomplete information;
4. To refuse to indemnify the insured person in circumstances outside the scope of the insurance liability as agreed in the insurance contract;
5. To require a third party to reimburse the insured sum which the insurer has paid to indemnify the insured person as a result of the third party in the case of property and civil liability.

An insurer shall have the obligations:

1. To explain to the purchaser of insurance the insurance terms and condition and the rights and obligations of the purchaser insurance;
2. To issue to the purchaser of insurance a certificate of insurance;
3. To pay indemnity in a timely manner to the insured person or beneficiary in the full and correct amount;

Unofficial Translation

4. To provide a written explanation of the reasons for refusal to pay indemnity;
5. To co-ordinate with the insured person to resolve the claims of a third party for the compensation for damage occurred;
6. To comply with financial and other obligations of the State as defined by the laws and regulations;
7. To be on time responsible for compensation of damages occurred.

Article 102 (New). Rights and Obligations of purchaser of insurance

A purchaser of insurance shall have the rights:

1. To require the insurer to explain the insurance term and conditions and to issue a certificate of insurance;
2. To suspend unilaterally the implementation of the insurance contract which the insurer provided incorrect information in the insurance contract;
3. To require the insurer to pay indemnity as agreed in the insurance contract;
4. To implement other rights as provided by laws and regulations.

A purchaser of insurance shall have the obligations:

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

PART X

Prohibitions

Article 103 (New). Prohibitions for Insurance Officers

Insurance officers are prohibited to perform the following acts:

Unofficial Translation

1. Opportunistically use of positions from the insurance business for personal interests;
2. Abuse of powers which causes damages to the interests of the State or collective or legitimate rights and benefits of the people;
3. Abandon one's duties and responsibilities relating to insurance business assigned by relevant organizations;
4. Disclose of the State or official secrets on insurance business;
5. Falsify insurance business related documents;
6. Operate or enter in operation of insurance business in all forms;
7. Take other actions which are contradicted with the laws and regulations.

Article 104 (New). Prohibitions for an Insurer and Insurance Broker

Insurers and insurance brokers are prohibited to behave as follows:

1. To destroy information and evidence, counterfeit document, hide revenue and wrong-doings related to insurance business;
2. To give bribes or rewards or collude in taking the state money;
3. To falsify a receipts, invoice or other documents;
4. To insult, threaten or assault insurance officers;
5. To make a false advertising on the contents, scopes, terms and conditions of insurance contract that affect the benefits of the purchaser of insurance;
6. To tempt clients by obstructing, bribing or threatening insurance officers, insured person, insurance agents and other insurance brokers;
7. To give an inconsistent reward to clients and distort competition;
8. To offer an insurance premium below the premium stipulated in the regulation of the Ministry of Finance;
9. To copy the feature of insurance product without permission from the copyright owner;
10. To operate both life and general insurance business without having separate business licenses.

Article 105 (New). Prohibitions for an Individual, Legal Entity and Other Organizations

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

1. Opportunistically use of position and abuse of power, use of violence and refer to the name of other persons to threaten insurance staff and officers for illegitimate interests;
2. Operate insurance business by oneself or have partnership without authorization;

3. Obstruct the performance of duties of the insurance officers;
4. Refuse to provide information, support the hidden information and support the misbehavior related to tax payment of insurance business operator.

PART XI

Dispute Resolution

Article 106 (New). Forms of Dispute Resolution

Dispute resolution related insurance can be carried out through the following forms:

1. Amicably negotiation;
2. Mediation;
3. Administrative dispute resolution;
4. Dispute resolution by the Committee for Economic Dispute Resolution;
5. Filing of a claim or litigation;
6. International dispute settlement.

Article 107 (New). Right to Select a Form of Dispute Resolution

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

Article 108 (New). Amicably Negotiation

In the case of conflict related with insurance business arises, the parties shall make effort to solve the conflict by the consultation and compromise to reach a compromised solution for mutual benefit.

Article 109 (New). Mediation

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

Article 110 (New). Administrative Dispute Resolution

In the case where the insurance business conflict cannot be amicably settled or negotiated, the parties have the rights to require the insurance authority of the Ministry of Finance to administratively resolve the disputes in accordance with their roles and duties.

Article 111 (New). Dispute Resolution by the Committee for Economic

In the case the conflict cannot be amicably settled or negotiated, or administratively resolved, the parties have the rights to request the Committee for

Economic Dispute Resolution for resolution in accordance with the laws on Economic Dispute Resolution and other related laws and regulations.

Article 112 (New). [Dispute Settlement by] Filing of a Claim or Litigation

The parties can make a claim or litigation to the People's Court for its consideration in accordance with the laws and regulations.

Article 113 (New). International Dispute Settlement

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

PART XII

Management and Inspection

CHAPTER 1

Management Authority

Article 114 (New). Management Authority

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

The Finance Sector is the Insurance Management Authority.

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

Article 115 (New). Rights and Duties of the Ministry of Finance

For insurance management, the Ministry of Finance has the following rights and duties:

1. To study strategic plan, policies regulations , and laws relating to insurance activities to propose to the Government for consideration;
2. To develop the strategic plans, government policies into the detailed plans and projects of the finance sector;
3. To propagate, disseminate laws and other legislation relating to insurance in accordance with their roles and responsibilities ;

Unofficial Translation

4. To supervise, monitor and control the implementation of laws and other legislation related to insurance in accordance with their roles and responsibilities;
5. To manage and monitor the operation of insurance businesses within their responsibilities;
6. To supervise the human development and management, appointment, transfer, demotion, provision of incentives\rewards or application of disciplinary measures to the insurance officers;
7. To collaborate with line ministries, local authorities and other organizations related to insurance tasks;
8. To be responsible to the government in monitoring for the insurance implementation undertaken by the insurance officers nationwide;
9. To coordinate with foreign countries in the region and the world in relation to insurance
10. To summarize and report periodically on implementation of insurance activities to the government;
11. To implement other rights and duties as defined by the laws and regulations.

CHAPTER 2

Inspection Authority

Article 116 (New). Inspection Authorities

Insurance Inspection Authorities comprise of:

1. The internal inspection authorities are the same as the Insurance management authority as defined in article 114 of this Law;
2. The external inspection authorities are the National Assembly, State Inspection and Anti-Corruption Authority and State Audit Authority.

Article 117 (New). Rights and Duties of the Internal Inspection Authority

Internal inspection authorities have the rights and duties as follows:

1. Inspect the performance and responsibilities of the insurance officers at each level in the implementation of the laws, instructions, decisions, legislations, methods of technical performance to ensure the efficiency and effectiveness on insurance;
2. Inspect the targeted insurers and insurance brokers on planning insurance business development, calculation and collection of premiums and service charges in according to the law.

Article 118 (New). Rights and Duties of the External Inspection Authority

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

Article 119 (New). Forms of Inspection

Inspections by the insurance management authorities comprise the following forms:

- A regular inspection;
- An inspection with an advance notice;
- An immediate inspection.

A regular inspection is a normal inspection which is planned within a certain timeframe.

An inspection with an advance notice is an unplanned inspection that is conducted only when there is a necessity. The inspection project shall be notified in advance.

An immediate inspection is an inspection that is conducted when there is an emergency need without giving advance notice to the inspected projects.

PART XIII

Policies Good Performers and Measures Against Violators

Article 120 (New). Policies for Good Performers

Individual or organization who have had outstanding achievements in implementing the Law on Insurance, particularly in enabling insurance business to be highly effective and efficient shall receive recognition and other incentive as deemed reasonable or according to the regulations.

Article 121 (New). Measures against Violators

Individual or organization who violate the Law on Insurance shall be subject to measures depending on the seriousness of the violation in the form of education, punishment, penalties, payment of compensation or being sued in a court of laws.

Article 122 (New). Education Measures or Warning

Individuals or organizations who and commit a first offence against the laws and regulations related to insurance and where the offence is minor, unintentional, and shall be warned and then educated.

Article 123 (New). Disciplinary Action

Staff or officials managing insurance who violate this Law and restrictions and where the offense is minor, not criminal shall be subject to disciplinary action as follows:

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

Staff or officials managing insurance who violate this Law and restrictions and where the offense is minor, not criminal shall be subject to disciplinary action as follows:

1. Promotion, salary level and merits shall be frozen;
2. Dismissal or transfer to other duties with a lower position;
3. Dismissal from the civil service without any benefit.

An individual facing disciplinary action must return all state property and any property gained illegally to the organization.

Article 124 (New). Penal Measures

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

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

PART XIV
Final Provisions

Article 125 (amended). Implementation

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

Article 126 (New). Effectiveness

This Law shall enter into force after ninety days since the promulgation of the President of the Lao People's Democratic Republic.

This Law shall replace the Insurance Law No. 11/90/SPA, dated 29 November 1990.

All provisions and regulations which contradict with this Law are null and void.

President of National Assembly

Pany YATHORTOU)