**Making conditions easier for insurance businesses.**

On June 16, 2022, the National Assembly (hereinafter referred to as "QH") approved the Law on Insurance Business No. 08/2022/QH15. This is an important legal document that is expected to create a new development step for the insurance market in the near future (hereinafter referred to as “**Law**”). In the Law, some notable provisions include:

1. Features of micro-insurance products (Article 144 of the Law):

* Designed to be concise, easy to understand, with simple insurance appraisal procedures or without insurance appraisal.
* Only includes benefits to meet the basic protection needs against risks of life, health and asset of the plan participants with the insurance period not exceeding 05 years.
* The amount of insurance on each contract and the annual premium for each of a contract must not exceed the maximum level prescribed by the Government.

1. Foreign investors are allowed to contribute up to 100% of charter capital (Article 68 of the Law). This regulation affirms that foreign investors are allowed to own shares, contributed capital up to 100% of the charter capital of insurance enterprises and reinsurance enterprises in order to create clarity, in accordance with Vietnam's commitments at the WTO and signed free trade agreements.
2. The Law also adds provisions on financial safety (Article 109 of the Law), in case the capital adequacy ratio is at a level that requires intervention measures, early improvement measures, control measures, regulate responsibilities of enterprises, owners, capital contributors, Board of Directors, Supervisory Board, etc.

* Insurance enterprises, reinsurance enterprises and overseas branches in Vietnam are considered to be financially secure when meeting the regulations on capital, solvency and investment.
* In the operation, insurance enterprises, reinsurance enterprises and overseas branches in Vietnam must actively review processes, regulations, risk management systems, business plans, assessment insurance and reinsurance business, financial activities, effectively ensure safety and comply with the law in order to meet the financial safety in accordance with the provisions of this Law.

1. Additional requirements for periodic disclosure of information (Article 118 of the Law), regular disclosure of information (Article 119 of the Law); unusual disclosure of information (Article 120 of the Law) to ensure clear and transparent information about insurance enterprises

**The Law takes effect from on January 1, 2023.**

We hope you found this brief legal update informative.

Kind regards./.

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