

INSURANCE LAW & REGULATION IN VIETNAM

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GLOSSARY

AEC	ASEAN Economic Community
ASEAN	Association of Southeast Asian Nations
BaoViet	Vietnam Insurance Corporation
BTA	US - Vietnam Bilateral Trade Agreement
Business License	Establishment and Operation License
CFA	Chartered Financial Analyst
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
EU	European Union
EVFTA	European Union-Vietnam Free Trade Agreement
EVIPA	European Union-Vietnam Investment Protection Agreement
IAV	Insurance Association of Vietnam
LLC	Limited Liability Company
LOIB	Law on Insurance Business
MOF	Ministry of Finance
RO	Representative office
TPP	Trans-Pacific Partnership Agreement
WTO	World Trade Organization

I. Introduction¹

A. In general

Vietnam continues to make economic progress. It is a solid middle income country. Economic growth has lifted many Vietnamese out of poverty. At the same time, the middle class is expanding. World Trade Organization (WTO) membership, the ratification of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (“CPTPP”), the European Union (“EU”)-Vietnam Free Trade Agreement (“EVFTA”), Investment Protection Agreement (“EVIPA”) and several other significant free trade agreements, and membership in the ASEAN Economic Community (“AEC”) have given Vietnam access to foreign markets and capital, while making Vietnamese companies, particularly Vietnamese insurance enterprises, stronger through increased competition.

Many foreign insurance companies (particularly in the life segment) operate in Vietnam and treat Vietnam as a natural extension of their regional or global footprints. New products are being developed. Agency networks are being expanded. In the non-life segment, local companies have generally shown more pricing discipline than have their counterparts elsewhere in the region. Motor insurance - so often a thankless and profitless line in emerging markets - accounts for about one third of the premiums written in the non-life segment. Companies are also beginning to provide innovative products tailored to Vietnam. The Ministry of Finance points to increase in performance with the total posted premiums for 2025 to have been VND 237.211 billion (USD 9. billion).² Total value of the insurance sector in 2025 was around VND 1,067,825 billion (USD 40.5 billion). Insurance companies invested around VND 895,954 billion (USD 34.04 billion) in 2025.³ Although a slowdown has been observed, the insurance sector has still recorded an average growth rate of 9.75% over the 2022–2025 period.

B. History and Relevant Laws

The Vietnamese legal system operates hierarchically. The National Assembly passes laws. The particular ministries then issue Decrees, Ordinances and Circulars to interpret and administer those laws.

Vietnam’s insurance framework was initially developed primarily to support and regulate the insurance activities of state-owned businesses. When Vietnam became unified and became a planned economy, insurance was not considered a business activity. It was viewed as a means to share risk among state-owned enterprises and to satisfy Vietnam's insurance obligations in international business transactions. The Vietnam Insurance Corporation (“**BaoViet**”) monopolized the insurance industry. BaoViet, itself a state-owned enterprise, was formed under the authority of, and is supervised by, the Ministry of Finance (“MOF”). The MOF permitted BaoViet to divest specific lines of insurance products. This was a sign of a shift in the way state-owned enterprises were viewed.

¹ This book has been written by lawyers in the Vietnam offices of Russin & Vecchi and is current as of September 2026.

² USD 1 = VND 26,316 (as of September 2026 as published by the State Bank of Vietnam).

³ Ministry of Finance, December 5, 2025.

The development of Vietnamese insurance law is seen to be closely associated with the country's transition towards a market-oriented economy and the increasing participation of private and foreign-invested enterprises in financial and commercial activities. Before the enactment of a dedicated insurance statute, insurance activities in Vietnam were primarily regulated through a combination of general commercial legislation and sector-specific regulations. A significant milestone was reached with the promulgation of the Law on Insurance Business No. 24/2000/QH10 ("Law 24"), which took effect on April 1, 2001 and constituted Vietnam's first comprehensive legislative framework specifically governing insurance business. Law 24 established fundamental rules concerning insurance enterprises, insurance contracts, insurance agents and brokers, reinsurance, and State administration of insurance activities.

The continued development and sophistication of Vietnam's insurance market eventually necessitated a substantial restructuring of the legal framework. Accordingly, the National Assembly adopted the Law on Insurance Business No. 08/2022/QH15 ("LOIB"), which came into force on January 1, 2023 and is now current. The LOIB represents a more comprehensive and modern regulatory framework, covering not only the organization and operation of insurance businesses but also the rights and obligations of insurance participants. The LOIB also recognizes new types of insurance products, requires mandatory clauses to be included in insurance contracts, and prohibits insurance enterprises from engaging in real estate business, all of which are designed to further protect the legitimate rights and interests of parties involved in the insurance business.

One of the principal characteristics of the LOIB is its stronger emphasis on financial safety, risk management and market discipline. The legislation establishes a more structured framework for the establishment and operation of insurance enterprises, reinsurance enterprises, foreign branches in Vietnam, insurance brokerage enterprises and mutual organizations providing microinsurance. It also introduces more detailed requirements concerning capital, solvency, corporate governance, investment activities, information disclosure and insurance products. In this respect, the LOIB reflects a movement away from a predominantly licensing-oriented model towards a prudential regulatory framework that seeks to preserve the stability of insurance enterprises while protecting policyholders and other beneficiaries. Certain provisions concerning risk-based capital and solvency are subject to phased implementation, illustrating the legislature's intention to allow the market sufficient time to transition to the new regulatory model.

The regulatory framework has continued to evolve in response to changes in the broader Vietnamese legal and institutional environment. Among other matters, the amendments adjusted requirements relating to insurance enterprises, foreign branches, insurance products, management personnel, information disclosure and insurance ancillary services, while also removing certain business conditions to align the insurance framework with the amended Law on Investment and other legislation.

As of 2026, the principal statutory framework therefore consists of the LOIB, together with its implementing regulations and subsequent amendments. The current framework demonstrates that Vietnamese insurance law has evolved from establishing basic legal recognition and supervision of insurance activities to developing a sophisticated prudential regime directed towards financial stability, consumer protection, transparency and sustainable development of the insurance market. This evolution is particularly significant in the context of Vietnam's broader financial-sector reform and international economic integration, under

which the insurance industry increasingly operates as an integral component of the country's financial system.

In addition to the LOIB, the Maritime laws⁴ contain a section that governs marine insurance purchased for marine contracts.

Various laws have recognized the importance of maintaining competition in the marketplace and streamlining the role of government in the insurance industry.

An increased emphasis on promoting competition has resulted in laws that expressly forbid anticompetitive activities. The Commercial Law⁵, passed in June 2005 and is still current, prohibits inappropriate competitive practices in general. The Competition Law⁶ which became effective on July 1, 2019, introduced comprehensive legislation that deals with anti-competitive products. It covers anti-competitive practices and practices that may restrain competition, such as agreements in restraint of trade, abuse of dominant market position, and unfair competitive practices, including coercion, defamation, and deceptive advertising. Economic concentration itself is no longer treated by law as a type of trade practice in restraint of competition. The Competition Law takes the view that economic concentration may have both positive and negative effects on the market. Therefore, economic concentration should be prohibited only when its negative effects on competition outweigh its positive effects. In other words, economic concentration should be prohibited if it “has or potentially has a significant competition-restraining impact on Vietnam's market.” Before engaging in economic concentration, businesses are obligated to notify the National Competition Commission for assessment and approval. The Competition Law also establishes exemptions from its own regulations.

The Competition Law relates to the insurance sector in two ways. First, the general application of its principles prevents insurers from misrepresenting the coverage terms of policies to potential customers and requires transparency as a systemic necessity for the industry. Second, practical considerations suggest that while particular aspects of the industry may technically breach competition laws, limited exemptions are provided for activities that provide an advantage to customers. Such activities should satisfy one of the following conditions:

1. Promote technical or technological progress, improving the quality of goods and services;
2. Increase the competitiveness of Vietnamese enterprises in the international market;
3. Promote applicability of uniform quality standards and technical norms of certain types of products;
4. Unify conditions on trading, delivery of goods and payment but do not relate to price or pricing factors; and
5. Other cooperative arrangements as provided for in industry-specific legislation.

⁴ The Maritime Code Number 95/2015/QH13 adopted by the National Assembly on November 25, 2015, as amended for the first time on November 20, 2018, and for the second time on June 19, 2023.

⁵ The Commercial Law Number 36/2005/QH11 adopted by the National Assembly on June 14, 2005, as amended for the first time on June 12, 2017, and for the second time on June 14, 2019.

⁶ The Competition Law Number 23/2018/QH14 adopted by the National Assembly on June 12, 2018.

As such the Competition Law rules on co-operation and competition may be modified by the LOIB that addresses both the types of cooperation which are permitted, as well as the specific types of conduct which are prohibited, for example collusion aimed at carving up the insurance market.

Under the LOIB, an insurance agent is not allowed to (i) provide untruthful information nor make false advertising related to insurance terms and policies, (ii) prevent buyers from providing required information for insurance policies, (iii) preclude, entice, bribe or threaten customers or employees of other insurance businesses or (iv) encourage customers to terminate their current insurance policies by any means⁷. The LOIB prohibits an insurance broker from (i) requesting that buyers withhold information or prevent buyers from providing necessary information, (ii) providing promotion in the form of illegal services to entice buyers to buy insurance policies, (iii) enticing buyers terminate their existing insurance policies for new insurance policies, (iv) recommending insurance policies from an insurer less competitive terms and conditions than those of another insurer in order to gain with higher commissions, and (v) providing buyers with false or inappropriate information in relation to the terms and conditions of insurance policies.⁸

Another essential part of the insurance industry is health sector. The Law on Health Insurance, dated November 14, 2008, the amended Law dated June 13, 2014, and the amended Law dated November 27, 2024 (effective July 1, 2025) are applicable to all individuals and organizations, both domestic and foreign, and govern the eligibility and the scope of insurance coverage, health insurance funding, rights and obligations of insurers and insureds, and provides a road map for universal health insurance. These laws have had a considerable impact on enterprises, which are obligated to provide health insurance coverage for all employees working under indefinite-term labor contracts or labor contracts with a definite term of one month or more, or other types of contracts.⁹

C. International Agreements

The United States-Vietnam Bilateral Trade Agreement (“BTA”) came into effect in December 2001. Five years later American insurance companies were permitted to establish 100 percent foreign-invested enterprises to provide both compulsory and non-compulsory insurance products. Vietnam's accession to the World Trade Organization (“WTO”) in January of 2007 has opened the market to other foreign investors.

In May 2022, the U.S. launched the Indo-Pacific Economic Framework for Prosperity (“IPEF”) with 14 partners, including Vietnam. The aim of the IPEF is to offer tangible benefits that fuel economic activity and investment, promote sustainable and inclusive economic growth, and benefit workers and consumers across the region. The details of this framework are subject to negotiation among its members.

Under its WTO Commitments, beginning January 1, 2008, Vietnam began giving equal treatment to both foreign and domestic insurance enterprises. Foreign insurance enterprises

⁷ LOIB art. 129.3.

⁸ LOIB art. 137.3.

⁹ Law on Amendments to some articles of the Law on Health Insurance Number 51/2024/QH15 adopted by the National Assembly on November 27, 2024

provide insurance services to foreign invested and wholly foreign owned companies in Vietnam. They may also provide reinsurance, international transport insurance, and insurance brokerage services. Foreign invested insurance enterprises may also deal in compulsory insurance products, such as liability insurance for vehicle owners.

The AEC was officially established on December 31, 2015, and Vietnam is part of the community. The AEC aims to create a single free market in ASEAN. This means that an insurance enterprise in ASEAN would be able to provide insurance services to clients in other ASEAN countries on a cross-border basis; a client in an ASEAN country can freely choose to purchase insurance services from an entity in another ASEAN country; and an insurance expert can work freely in the ASEAN region. Additionally, the Regional Comprehensive Economic Partnership (“RCEP”), which came into force on January 1, 2022, expands the basis of the free trade agreements within ASEAN to other countries including Australia, China, Japan, South Korea and New Zealand.

The Trans-Pacific Partnership Agreement (“TPP”) was signed on February 4, 2016, in Auckland, New Zealand. After the withdrawal of the United States, the TPP was replaced by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (“CPTPP”), which was signed on March 8, 2018 in Santiago, Chile. CPTPP and its predecessor, the TPP, are both comprehensive agreements, with the aim to create a new potential market for goods and services which in turn has created a great opportunity and also challenges for insurance enterprises. Vietnam ratified the CPTPP on January 14, 2019. The CPTPP has now been verified by all members and is now in effect. Under the CPTPP, an insurance enterprise in one of the 11 member countries can expand its business to another member country, subject to certain conditions.

The European Union (“EU”)-Vietnam Free Trade Agreement (“EVFTA”) and Investment Protection Agreement (“EVIPA”) were ratified by the National Assembly of Vietnam on June 8, 2020. The EVFTA came into effect on August 1, 2020, and the EVIPA will come into effect after it has been approved by the Parliament of each EU member state. The EVFTA looks to foster a transparent and open partnership with a focus on trade liberalization and economic integration. In terms of the insurance market, the EVFTA does not offer any significant advantage in comparison to the WTO. However, insurance enterprises from the EU may take advantage of other aspects of the EVFTA, such as the dispute settlement mechanism and protection of intellectual property rights, which surpass the standards provided by the WTO.

D. Internal and External Supervision

The government is responsible for providing guidelines to explain and implement the law, and the MOF is responsible for implementing state regulations and supervising insurance activities. The MOF grants and withdraws licenses to establish and operate insurance enterprises.

Insurance enterprises must make periodic reports to the MOF. Additional reporting requirements apply if there are unusual developments within the enterprise, which may adversely affect the solvency or reputation of the insurance enterprise, or if the enterprise fails either to meet its financial requirements or to fulfill commitments to its customers.¹⁰

¹⁰ LOIB art. 106.

Liquidation of or mergers between insurance enterprises must be carried out under the supervision of the MOF, and changes in management structure or intended investment overseas require MOF approval. The MOF also carries out financial inspections of insurance enterprises once a year.

The MOF acts both as a government regulator of insurance enterprises, and as an owner of several joint stock companies formed from the equitization of state-owned insurance enterprises. This dual role continues to pose a conflict of interest in terms of administrative enforcement.

In addition to the regulatory role of the MOF, insurance enterprises must also adopt a system of internal supervision and control. The MOF's Circular 195/2014/TT-BTC dated December 17, 2014, as amended by Circular 89/2020/TT-BTC ("Circular 195/2014") provides guidance to evaluate and classify insurance enterprises. Insurance enterprises are evaluated and classified based on four categories of criteria: (i) Solvency, operation reserves and business efficiency; (ii) Insurance business activities; (iii) Capital, asset and investment quality; and (iv) Business administration and information transparency. Each category of criteria varies among life and non-life insurance enterprises. This evaluation and classification system can be used as a consistent and systematic analytical tool by the MOF, as well as for internal supervision by an insurance enterprise to determine its business status and to detect and prevent insolvency. An insurance enterprise must file an evaluation report and the annual financial report with the MOF within 90 days from the last day of each fiscal year.

Insurance enterprises create internal control systems to ensure that their operations comply with the law. Records and results of internal audits must be in writing and filed at the enterprise's office. Circular 67/2023 provides further guidance on the financial regimes to manage internal control, including decentralizing and maintaining internal control activities independent from the executive and professional activities of the enterprise; preserving the objectivity of the internal auditors; and ensuring that the internal auditors have the necessary professional skills and qualifications to conduct such audits.

Internal auditors must also assess the internal audit system itself, and verify the efficacy of existing rules for identifying risks and of methods for measuring and managing those risks. They must also check the flow of information within the firm and assess compliance with the law, with regulations on the establishment of reserves and with professional ethics.

The Insurance Association of Vietnam ("IAV") was established in 1999 as a professional association. The IAV has a role in oversight. An enterprise must inform the IAV of any agents with whom the enterprise has terminated its relationship due to legal or professional malfeasance. As the market expands, the IAV may play a greater part in establishing professional and ethical rules, and providing a forum in which market participants can communicate with each other and with the Government.

The procedures and documents necessary to establish an insurance enterprise are provided in Decree 46/2023 and amended by Decree 97/2026. Potential shareholders of an insurance enterprise must prepare three sets of application documents, one original and two copies, which must include all the documents required by Decree 46/2023. Within 30 working days of receipt of the application, the MOF is required to notify an applicant in writing if it needs to supplement the application documents. Within six months of notice, if the applicants fail to satisfy the MOF, the MOF will dismiss the application and notify the applicants in writing.

The MOF will issue an Establishment and Operation License (“**Business License**”) within 60 working days from the date it receives the completed application. If the MOF determines not to issue a Business License, it will provide a written response with explanation to the applicant.¹¹

E. Sanctions

Decree 174/2024/ND-CP,¹² dated December 30, 2024 (“Decree 174/2024”), lists sanctions for administrative violations by insurance enterprises. These include violation of rules that relate to the establishment and operation of insurance companies. Decree 174/2024 includes sanctions on unlawful management and operation of insurance companies, unlawful competition, including providing false information or advertising which damages policy holders, competing for customers by interfering with other enterprises or intimidating their employees, and agreeing to restrict competition.

Fine for violating these rules for individuals is up to VND100 million (US\$3,800), and is up to VND200 million (US\$7,600) for an enterprise. The Decree also provides a set of penalties for failing to adhere to financial requirements, such as compulsory reserve requirements. Decisions to sanction an insurance enterprise for administrative violations will expire one year after the date it is issued. Some sanctions depend on the specific administrative violation, such as revocation of the certificate of one or more insurance agents, suspension of an insurance enterprise's operation, and confiscation of means used to commit an administrative violation.¹³

II. Principles of Insurance Law in Vietnam

A. Meaning of Insurance

The LOIB defines insurance as a profit-oriented activity carried out by an insurance enterprise, a branch of a foreign non-life insurance enterprise in Vietnam or a mutual support insurance organization, in which the insurer assumes certain defined risks of the insured in return for an insurance premium paid by the insurance buyer to secure the insurer's indemnity to the insured.¹⁴ It contemplates payment to a beneficiary of a benefit according to terms of a policy concluded between the enterprise and the buyer upon the occurrence of an agreed upon insured event. The LOIB further defines “insurance activities” to include insurance, reinsurance, ceding of reinsurance and other similar activities including insurance agency, insurance brokerage and auxiliary activities.

Insurance-related regulations, including the LOIB, do not specifically define the term “assumption of risk.” Under the LOIB, however, an “insured event” is an objective event defined by the parties or stipulated by law.

Upon the occurrence of an insured event, the enterprise must pay to the beneficiary or indemnify the insured the contractual sum that represents the value of the insurance policy.

¹¹ Decree 46/2023 art. 16.

¹² Decree No. 174/2024/ND-CP, promulgated by the Government on December 30, 2024, as amended for the first time on March 17, 2026.

¹³ Decree 174/2024 art. 3.

¹⁴ LOIB art. 4.2.

B. The Insurance policy

1. General

An insurance policy is an agreement between the insurance buyer and an insurer under which the insurer must pay insured amounts to the beneficiary or in which it agrees to indemnify the insured upon the occurrence of an insured event, provided that the insurance buyer maintains its premium payment obligations.¹⁵

There are two basic forms of insurance policies: compulsory and non-compulsory. The MOF has legislated form policy terms that enterprises must adopt for each kind of compulsory insurance, including life insurance and accident insurance. An insurer which provides non-compulsory products enjoys more flexibility in the structure and content of their insurance policies. They must nevertheless register their terms and premium tables with the MOF.

2. The Parties

The LOIB mentions three parties to an insurance policy: the insurer, the insurance buyer and the insured. However, it attaches contractual obligations to only two of these parties: the insurance buyer and the insurer.¹⁶

The insurer receives premium payments and assumes the obligation to pay to the beneficiary or to indemnify the insured amount upon the occurrence of the insured event. The insurer has the right to request a third party to reimburse the amount paid to the beneficiary or the amount indemnified, if the damages, loss of economic value, or failure to perform is caused by such third party. The insurer requests and the insurance buyers provide complete and truthful information in relation to the execution and performance of the insurance policy. The insurance buyer pays premiums and requests the insurer to pay to the beneficiary or to indemnify the insured amount upon the occurrence of the insured event.

The LOIB defines the ‘insured’ to be the party or individual whose assets, civil liability, health, life, obligations or economic benefits are insured in accordance with an insurance policy. Additionally, a beneficiary is the individual or the party, who is designated by the insurance buyer or the insured to receive the insurance payment in accordance with an insurance policy. The insured, the beneficiary and the insurance buyer can be the same individual or party.

3. Principles for the execution and performance of an insurance policy

The execution and performance of an insurance policy must follow the basic principles of the Civil Code¹⁷ and the following principles:¹⁸

- Principle of utmost good faith: Parties to an insurance policy must provide information and perform their contractual rights and obligations in an honest manner, and

¹⁵ LOIB art. 4.16.

¹⁶ LOIB arts. 20 and 21.

¹⁷ Civil Code art. 3.

¹⁸ LOIB art. 16

must place absolute mutual trust in each other during the execution and performance of an insurance policy;

- Principle of insurable interest: a buyer must have an insurable interest, which is appropriate to the type of insurance policy;
- Principle of indemnity: the amount of indemnity that an insured may receive must not exceed the actual loss incurred in an insured event, unless otherwise agreed in the insurance policy;
- Principle of subrogation: the insured has the responsibility to give the insurer the right to claim the amount paid as compensation or indemnification within the limit of liability from a third party, responsible for the insured loss. This principle does not apply to life and health insurance policies;
- Principle of unpredictable risk: a risk must be unpredictable or unanticipated to be covered or insured against.

4. Formation and Interpretation

An insurance policy must be made in writing and must include certain information¹⁹:

1. Names and addresses of the insurer, the insurance buyer, and the insured or the beneficiary;
2. Subject matter of the insurance policy;
3. Value of the insured property, the sum insured or the limit of liability;
4. Scope of coverage or benefits; applicable principles, terms and conditions;
5. Rights and obligations of the insurer and the insurance buyer;
6. Duration of coverage, effective date of the insurance policy;
7. Premium rates and acceptable payment methods;
8. Terms and conditions for payment of insurance benefits or indemnity; and
9. Rules for dispute settlement.

If a provision of the insurance policy is open to misinterpretation, the misinterpretation should be resolved to the advantage of the insurance buyer.

An insurance buyer is permitted to assign the policy, subject to the terms of the policy. Assignment of an insurance policy by the buyer becomes valid only when a written notice of such assignment is given to the insurance enterprise, and the enterprise provides written notice of acceptance of the assignment. The LOIB permits an exception when the assignment is undertaken in accordance with international trade practices or when the insurance policy provides otherwise.²⁰ A life insurance policy can only be assigned with a written approval of the insured or the legal representative of the insured.

5. Void and Voidable

The LOIB states that an insurance policy is deemed to be void if:

1. The insurance buyer has no insurable interest upon entering into the insurance policy;
2. The subject matter of the insurance policy no longer exists;
3. The insurance buyer knows that an insured event has occurred at the time the parties

¹⁹ LOIB art. 17

²⁰ LOIB art. 28.

enter into the contract;

4. The purposes or the contents of the insurance policy violate the law or are against social morality;
5. The insurer and the insurance buyer fraudulently enter into an insurance policy;
6. The insurance buyer does not have full legal capacity to enter into an insurance policy;
7. The insurance policy is mistakenly entered into, which causes one party or both parties to fail to achieve the purposes of the insurance policy, except if the parties' purposes to enter into such insurance policy have been achieved or if the parties can rectify the mistake to achieve the parties' purposes to enter into such insurance policy;
8. The insurance buyer or the insurance enterprise was deceived at the time the parties entered into the contract;
9. The insurance policy is executed under threat or pressure;
10. The insurance buyer does not have sufficient control over its cognitive behavior when entering into the insurance policy; or
11. The insurance policy is not made in writing.²¹

If the insurance policy is void, it shall be void as from its execution.

A civil contract such as an insurance policy may be declared to be only partially void, in which case the other provisions remain valid. When a civil contract is declared void, the parties must be restored to their original positions. They must return to each other the assets they have received as a result of the agreement. If they cannot return the assets, they must pay the equivalent cash value.²²

In addition to the circumstances outlined in the LOIB, while the Civil Code does not explicitly distinguish between a contract that is void and one that is voidable, a civil contract can be declared void by a court or competent government authority if any of the following conditions apply:²³

1. The parties to the contract lack the capacity to take part in civil acts;
2. The parties have not acted voluntarily;
3. There is a deception or mistake relating to one or more of the essential elements of the contract;²⁴
4. The purpose and contents of the contract are contrary to law and social morality; and
5. The form of the contract does not adhere to the requirement that certain types of contracts, including insurance policies, be made in writing. Either party may file a request with the court not to declare such contract void if one or both parties have completed at least two thirds of their contractual obligations and if non-adherence of the contract is limited to the required form, notarization or certification of the contract.

The statute of limitations restricting the time during which parties may request that the court declare a civil contract void is two years.

²¹ LOIB art. 25.1.

²² Civil Code art. 117–119.

²³ Civil Code art. 117–119.

²⁴ In a civil transaction, deception or mistake relates to an intentional act of a party with the purpose of misleading the other party with regard to the identity of the parties, the nature of the subject matter, or the contents of the transaction.

The starting date of this two-year period varies depending on why a civil contract is to be declared void. If the parties fail to request a court to declare a civil contract void within the appropriate two-year period, the civil contract will continue to be binding. However, if any contract is illegal, cruelly immoral, or is made as a result of falsification, the court can declare it void at any time. No statute of limitations applies under those circumstances.

C. Disclosure Obligations

The insurance buyer must disclose all information related to the insurance policy as requested by the insurer.²⁵ If the insurance buyer intentionally provides false information to the insurer or withholds information from the insurer in order to receive compensation, the insurer may revoke the insurance policy.²⁶ If the insurance policy is terminated under this circumstance, the insurer shall not have to compensate, pay the insurance amount but must reimburse the insurance premiums to the insurance buyer after deduction of reasonable expenses (if any) in accordance with the insurance policy. The insurance buyer shall have to compensate the insurer for any possible loss incurred due to such act. Similarly, where an insurer intentionally provides false information to an insurance buyer prior to execution of an insurance policy, the insurance buyer may revoke the insurance policy and be reimbursed the premiums. The insurance enterprise must compensate the buyer for any damage caused by its misrepresentations.²⁷

D. Changes in insured risks²⁸

If there are changes in the factors that are used to calculate insurance premiums, which changes result in a decrease in the insured risks, the insurance buyer may request the insurer to (i) decrease the insurance premiums, (ii) increase the insurance amount for the remainder of the insurance policy, (iii) increase the term of the insurance policy or (iv) increase the scope of the insurance coverage for the remainder of the insurance policy. And vice versa, if there are changes in the factors that are used to calculate insurance premiums which results in an increase in the insured risks, the insurer may request to (i) increase the insurance premiums the insurance buyer must pay, (ii) decrease the insurance amount for the remainder of the insurance policy, (iii) decrease the term of the insurance policy or (iv) decrease the scope of the insurance coverage for the remainder of the insurance policy.²⁹ If either party does not accept any such request of the other party, it can unilaterally terminate the performance of the policy but must immediately notify the other party in writing.

E. Prevention of Loss

The insurer has the right to request, and the insurance buyer has the obligation to take, appropriate measures to prevent and mitigate loss.³⁰ The insurance buyer and the insured have the responsibility to (i) apply measures to prevent and mitigate loss, (ii) immediately notify the insurer upon the occurrence of an insured event and (iii) implement measures to prevent and mitigate loss as instructed by the insurer.

²⁵ LOIB art. 21.2, 22.1.

²⁶ LOIB art. 22.2.

²⁷ LOIB art. 22.2.

²⁸ LOIB art. 23.

²⁹ LOIB art. 23.

³⁰ LOIB art. 20.1(dd).

Additionally, the insurer has the responsibility to apply the following measures to prevent and mitigate loss:

1. Organize training and education in relation to insurance business policies;
2. Sponsor and provide equipment and facilities to prevent and mitigate loss;
3. Develop works to prevent and mitigate loss for insured subjects; and
4. Engage other organizations or individuals to supervise the prevention and mitigation of loss.

F. Termination

An insurance policy may be unilaterally terminated for the following reasons:³¹

1. the insurance buyer does not pay premiums or does not comply with the payment schedule provided in the insurance policy
2. the insurer does not accept the insurance buyer's request in relation to changes to the insured risks;
3. the insurance buyer does not accept the insurer's request in relation to changes to the insured risks;
4. the insured does not apply measures to protect the insured subjects;
5. the insurance buyer does not accept the transfer of the portfolio of insurance policies in accordance with the LOIB.

Upon termination of the insurance policy, the following legal consequences may follow:

1. If the insurance policy is terminated in accordance with point 1 above:
 - a. The insurance buyer must continue to pay insurance premiums until the insurance policy is terminated; this does not apply to life insurance and health insurance, except for group insurance;
 - b. For life insurance and health insurance, the insurer must compensate the insured for any insured event, which happens before the insurance policy is terminated; the insurer may deduct insurance premiums, which shall be calculated until the date the insurance policy is terminated, from such insured amount;
 - c. For non-life insurance, the insurer must compensate the insured for any insured event which happens before the insurance policy is terminated; the insurer may deduct insurance premiums as agreed under the insurance policy;
2. If the insurance policy is terminated in accordance with points 2, 3 and 4 above:
 - a. The insurer shall reimburse the insurance buyer the amount of insurance premiums paid for the remainder of the insurance policy;
 - b. The insurer must compensate and pay insurance as agreed for any insured event which happened before the insurance policy was terminated;
3. If the insurance policy is terminated in accordance with points 1, 2 or 3 above, for any life insurance that has cash surrender value, the insurer shall pay such cash surrender value to the insurance buyer unless otherwise agreed by the parties;
4. If the insurance policy is terminated in accordance with point 5 above, the insurance buyer is entitled to receive the cash surrender value or be reimbursed the paid insurance premiums for the remainder of the insurance policy, as the case may be. If the total asset value is lower than the professional reserve of the portfolio being transferred, the amount

³¹ LOIB arts. 26-27.

received by the insurance buyer may be calculated on the basis of the ratio between the total asset value and the professional reserve of the portfolio being transferred

The Civil Code 2015 provides for termination under its general rules on civil contracts. If the contract terminates under the rules of the Civil Code, the legal consequences of termination occur as provided in the Civil Code.³²

F. Subrogation

The LOIB permits subrogation except in the case the insured is dead, injured or sick due to direct or indirect action of a third party.³³ After paying the insurance proceeds to the insured, the insurer has the right to claim compensation from responsible third parties for the amount it has paid out to the insured. The insured must provide the insurer with all of the necessary information and evidence required under the insurance policy so that the insurer can exercise its legal right of subrogation.

Recognition of the insurer's right to collect compensation is authorized by a letter from the insured. The insurer may deduct from the insurance payment to be paid to the insured if the insured refuses to provide the insurer with the right of subrogation.

III. Types of Insurance

The LOIB categorizes insurance as life insurance, non-life insurance and health insurance.³⁴ Life insurance includes whole life, life insurance, term life insurance, combined insurance, annuity insurance, investment-linked insurance, unit-linked insurance, and retirement insurance³⁵. Non-life insurance covers property; cargo; aviation; automobile; fire and explosion; vessel hull and vessel owners' civil liability; liability; credit and financial risk; agricultural; guarantee and other insurance.³⁶ Health insurance includes health insurance, body insurance, and medical expense insurance.³⁷

The various kinds of insurance in these categories can also be characterized as compulsory or non-compulsory. Compulsory insurance is a kind of insurance for which the law sets the policy terms, premiums and minimum insurance sum, includes motor vehicle liability insurance, professional liability insurance for legal consultants and insurance brokerages, and fire and explosion insurance, as well as insurance for projects that involve public safety such as construction projects and oil and gas projects.³⁸ Non-compulsory insurance is not required to use the same legislated contract terms.

A. Life Insurance and Health Insurance

The market for life insurance continues to grow in both number of participants and premium volume and revenue. Both domestic and foreign invested insurance enterprises offer life insurance products.

³² Civil Code art. 422.

³³ LOIB art. 16.4.

³⁴ LOIB art. 7.

³⁵ Decree 46/2023 art. 3.

³⁶ Decree 46/2023 art. 4.

³⁷ Decree 46/2023 art. 5.

³⁸ LOIB art. 8.

Life insurance is an insurance product that covers the life and life expectancy of a person. Health insurance is defined as an insurance product that covers the health of a person.³⁹

The LOIB provides that an insurance buyer may buy life and/or health insurance for the following persons:⁴⁰

- The insurance buyer herself;
- Wife, husband, mother, father or children of the insurance buyer;
- Biological siblings or any other persons who are in a care/support relationship with the insurance buyer;
- Persons having financial interests or an employment relationship with the insurance buyer; or
- A person who agrees in writing for the insurance buyer to buy health insurance for such person.

Under the LOIB, for any insurance policy with a term of one year or more, the insurance buyer has 21 days after receiving the insurance policy to refuse to participate.⁴¹ Additionally, an insurer is required to provide an insurance buyer with temporary insurance coverage upon receipt of an insurance request and advance premiums from the insurance buyer. The temporary insurance will expire after the insurer agrees or refuses to provide insurance to the insurance buyer or as otherwise agreed by the buyer and the insurer.⁴²

The LOIB also provides for a group insurance policy, in which an insurance buyer engages an insurer to provide insurance for a group of people under the same insurance policy.⁴³ The group covered under the insurance policy must be a group not formed for the specific purpose of participating in such insurance (for example, the employees of a company).

B. Property Insurance and Damage Insurance

Asset insurance covers assets as they are defined in the Civil Code 2015; assets include properties, money, negotiable instruments and rights to assets. Assets can also be categorized as movable and immovable properties. The policyholder has an insurable interest if he has ownership rights; other rights to the property; or possession and use rights (in case the policyholder is not the owner of the property).⁴⁴

The insured amount in an assets insurance policy may be equal to, lower, or higher than the value of the insured assets at the time of execution of the insurance policy. An insurer is not permitted to intentionally enter into an insurance policy, in which the insured amount is higher than the value of the insured asset. There can be multiple insurance policies covering the same assets. However, the total insured amount must not exceed the value of the assets. In case of an insured event, the insured may not abandon the insured asset and must implement appropriate measures, within reason, to prevent or mitigate the loss.

³⁹ LOIB art. 4.15.

⁴⁰ LOIB art. 34.

⁴¹ LOIB art. 35.

⁴² LOIB art. 36.

⁴³ LOIB art. 42.

⁴⁴ LOIB art. 43, 44.

Insurance for damages, on the other hand, covers any economic benefits or contractual obligations or legal obligations which the insured must perform upon the occurrence of damages. This may include providing financial benefits, performing financial obligations, responsibilities or the occurrence of economic damages.

C. Liability Insurance

The insured subject of a liability insurance policy is the civil liability of the insured to a third party. The liability of the insurer only arises if the third party requests the insured to compensate for damages caused by the insured's actions during the term of the policy. A third party is not permitted to request the insurer for compensation, unless otherwise provided under the law. Apart from the insured amount, the insurer must pay fees in relation to dispute settlement and late payment. The insurer is entitled to represent the insured to negotiate with a third party claimant on compensation unless otherwise agreed in the insurance policy.

D. Vehicle Insurance

Vehicle liability insurance is compulsory, and driving a vehicle without a valid insurance certificate can result in both a fine and a temporary revocation of the vehicle title by the police. Vehicle insurance, governed by Decree No. 67/2023/ND-CP dated September 6, 2023 ("Decree 67/2023"), covers loss of and damage to the vehicle, and legal liability to third parties for bodily injury and property damage. Because vehicle insurance is compulsory, the policy must adhere to the terms and premium rates fixed by the MOF.

E. Marine Insurance

The LOIB applies to all types of insurance; however, with regard to marine insurance policies, the section of the Maritime Law governing marine insurance policies also applies.⁴⁵

The Maritime Law covers contracts of insurance for maritime perils, which mean perils incidental to navigation at sea.⁴⁶ Marine insurance covers losses where the insured object is a material interest measurable in money, including hull, cargo, freight, ship chartering or purchasing costs, anticipated cargo benefits, builder's risk, commission, general average sacrifice, liability to third parties, and liens secured by cargo.

If the peril covered by the policy has already occurred, or if the possibility of its occurrence does not actually exist, the marine insurance policy is automatically invalidated.⁴⁷ The insurer then retains the right to the premiums, and need not indemnify unless it was made known to the insurer that the peril has already occurred or that the possibility of its occurrence did not exist before the insurance policy was signed. Maritime Law recognizes two parties to an insurance policy: the insurance enterprise and the insurance buyer, who pays the premiums and must provide information relating to the insured object or person.

The insurance policy may be entered into between the insurer and the insurance buyer for the benefit of a third party, who is entitled to request that the insurance policy be issued in its

⁴⁵ LOIB art. 12.3, Maritime Law arts. 303-336.

⁴⁶ Maritime Law, article 303.

⁴⁷ Maritime Law, article 309.

name. On receiving the policy, the third party has all the rights provided for in the policy. In addition, from that time, all the obligations of the insured pass to the third party, except for the obligation to pay the premiums.

If the third party is not aware of the policy, no obligations will arise. The Maritime Law does not state which party has the right to terminate such an insurance policy. However, under the Civil Code's provisions on general civil contracts, the parties cannot amend or cancel a contract for the benefit of a third party unless the third party gives consent.⁴⁸

Regulations on marine insurance do not specify the circumstances under which a contract is void or voidable. Therefore, the Civil Code's default rules on civil contracts apply as discussed.

F. Fire and Explosion Insurance

Investors prioritize ways to safeguard their investments. On September 6, 2023, Decree 67/2023 came into effect and replaced all previous regulations on compulsory fire and explosion insurance.

Under Decree 67, certain businesses must purchase fire and explosion insurance from an insurer permitted to conduct business in Vietnam.⁴⁹ Decree 67/2023 describes categories of assets which must be covered by such policy, including housing and buildings, equipment and machinery, and all other goods and assets that can be given a monetary value.⁵⁰

The minimum insured sum protected by the policy must be the total market value of the assets. An insurer has the right to refuse to sell a policy to a buyer in certain circumstances.⁵¹

Decree 67/2023 also lists circumstances in which the insurer is not obligated to indemnify the insured.⁵² For example, if the loss or damage originates from a deliberate breach of the regulations on fire prevention or from fire or explosion caused by criminal conduct, the insurance enterprise need not pay.

Certain kinds of assets are also excluded from coverage, including loss or damage caused to computer databases and programs, precious metals, manuscripts, drawings, and design data. Decree 67/2023 does not specifically prevent inclusion of these items nor does it prevent additional insurance to cover the excluded items except where there is an exclusion for nuclear facilities.

G. Professional Liability Insurance

Professional liability insurance is mandatory for certain professions, such as for firms and individuals that provide legal, medical, and architectural services. Insurance brokerage enterprises must also purchase professional liability insurance.⁵³

⁴⁸ Civil Code art. 415.

⁴⁹ Decree 67/2023 art. 4.1.

⁵⁰ Decree 67/2023 art. 23.

⁵¹ Decree 67/2023 art. 4.5.(b).

⁵² Decree 67/2023 art. 25.2.

⁵³ LOIB art. 92.

The Law on Notarization, which took effect on July 1, 2025, provides that notary offices must buy professional liability insurance for their notaries.⁵⁴ Similarly, Article 40 of the Law on Lawyers 2007 requires that law firms have professional liability insurance for their lawyers.

H. Investment Linked Insurance

Universal life insurance

Decree 46/2023 and Circular 67/2023 permit insurance enterprises to provide universal life insurance products.⁵⁵ These products include an insurance component and an investment component.⁵⁶ Buyers enjoy some flexibility in selecting a premium. The account value of the universal life insurance policy is formed from the fee that is invested in the universal life fund and other benefits as agreed in the insurance policy.

The Circular sets further conditions for an insurance enterprise that wishes to provide universal life insurance. The insurer must commit to a minimum investment interest rate in the universal life insurance policy. In case the investment interest rate of the universal life fund is lower than the committed minimum interest rate, the insurer shall use the assets of the owner's fund to cover the difference between the actual interest rate earned on the investment, of each universal life account, and the minimum interest rate.⁵⁷ The Circular has very specific requirements regarding the documentation that an insurance enterprise must provide their prospective customers.⁵⁸ This includes a requirement that certain documents must be posted on the firm's website. The firm must also provide information regarding its investment policy and objectives, and must explain the benefits, risks, and charges. Sales illustrations must have the policyholder's confirmation that they have been fully consulted and clearly understand the contents of the sales materials.

Finally, the insurance enterprise must provide an annual report to the buyer that summarizes the status of the insurance policy as well as the results of the universal life fund, including details of investment benefits that have accrued to the buyers.⁵⁹

Unit-linked insurance

Similar to universal life insurance, unit-linked insurance products are governed by Decree 46/2023 and Circular 67/2023; "unit-linked insurance" means a life insurance product that requires the establishment of unit-linked funds.⁶⁰ A unit-linked fund is formed from insurance fees paid by buyers for unit-linked insurance policies.⁶¹ In brief, the premium is divided in two parts. Part of the premium pays for mortality charges related to the life being insured. The balance, unit-linked funds, is invested into approved market products. Insurance enterprises enter into unit-linked insurance to cover their risks in relation to the insurance premiums and to invest their capital.

⁵⁴ Law on Notarization 2024 art. 39.

⁵⁵ Decree 46/2023 art. 3.6, Circular 67/2023 art. 11.3.

⁵⁶ Decree 46/2023 art. 103.

⁵⁷ Decree 46/2023 art. 103.3

⁵⁸ Circular 67/2023 arts 29, 31 and 32.

⁵⁹ Circular 67/2023 art. 32.4.

⁶⁰ Decree 46/2023 art. 105.

⁶¹ Decree 46/2023 art. 105.

There are caps on the amount that a fund may invest in certain types of investments. A unit-linked fund may invest in Government debt instruments with no restriction. It may invest up to 100% of the total asset value of the fund in actively traded securities of issuers. It may invest up to 10% of the total value of the actively traded securities of that organization and up to 20% of the total asset value of the fund in the actively traded securities of an issuer, and no more than 30 percent of its total asset value in a group of companies with mutual ownership.

A unit-linked fund is not permitted to invest in the securities of securities investment companies established and operating in Vietnam. The assets of these funds may not be invested directly in real estate, gold, silver, other precious metals, or precious stones⁶².

An insurance enterprise must set up at least two unit-linked funds with different investment goals for each unit-linked investment product it offers.⁶³ Before the first such insurance policy is signed, the insurer must use part of the owner's fund to form the unit-linked fund's assets in accordance with the investment policy, investment objectives, and investment limits of each such fund, and must ensure that the value of each unit-linked fund is not less than VND 50,000,000,000.⁶⁴

IV. Operations and Structures

A. Corporate Forms in Vietnam

Joint-stock Insurance Company

A joint-stock company is a limited-liability entity, privately capitalized and owned by at least three shareholders. A joint-stock company is entitled to issue securities to raise capital, including common and preferred shares and bonds, and there is no minimum or maximum condition for equity contribution by any shareholder, regardless of nationality.

Limited Liability Insurance Company

There are two types of limited-liability company:

1. A one-member limited-liability company for a single investor; and
2. A two-to-50 member limited-liability company for several investors ("LLC").

An LLC is established and owned by individuals and entities, either foreign or domestic. It is a legal entity separate from the investors; the investors are liable for the debts of the LLC up to the value of the LLC's charter capital.

B. Conditions for establishment and licensing

In order to operate in Vietnam, all insurance businesses must first meet certain conditions and requirements regarding members/shareholders, requirements on capital and establishment of

⁶² Decree 46/2023 art. 108.

⁶³ Decree 46/2023 art. 106.1.

⁶⁴ Decree 46/2023 art. 106.3.

reserve funds.⁶⁵ Moreover, an insurance enterprise is only permitted to provide one of the three insurance products: life insurance, health insurance or non-life insurance, except in the following circumstances:

- A life insurance enterprise is permitted to provide health insurance;
- A non-life insurance enterprise is permitted to provide health insurance with a term of less than 1 year and life insurance with a term of less than 1 year; and
- A health insurance enterprise is permitted to provide life insurance with a term of less than 1 year.

1. Conditions to establish an insurance enterprise in Vietnam

Shareholders and members of an insurance enterprise in Vietnam must satisfy the following conditions:⁶⁶

- a. The shareholder or the member must not fall within the list of individuals and entities, which are not permitted to establish or manage an enterprise in Vietnam, as provided in Article 17 of the Law on Enterprise⁶⁷;
- b. If an entity wishes to become a member or a shareholder of an insurance enterprise, it must have full legal capacity and must be legally operating; if the entity wishes to contribute at least 10% of the capital of the insurance enterprise, the entity must be profitable for 3 consecutive financial years preceding the application for establishment of the insurance enterprise and meet additional financial requirements;
- c. If an existing insurance enterprise or reinsurance enterprise wishes to become a member or a shareholder of an insurance enterprise, it must be profitable for 3 consecutive financial years preceding the application for establishment of the new insurance enterprise, and it must meet the capital adequacy ratio as set out in the LOIB

A foreign entity that wishes to become a founding shareholder/member of an insurance enterprise in Vietnam must satisfy the following additional requirements:⁶⁸

- a. The foreign entity must be an insurance enterprise, reinsurance enterprise, financial group or insurance group;
- b. The foreign entity must be confirmed by a competent authority that for at least 3 years prior to its application to establish an insurance enterprise, it has not materially violated any insurance regulations of the country in which the foreign entity has its headquarters;
- c. The intended field of business for the new insurance enterprise is the field that the foreign entity has been doing business in for the latest 7 years;
- d. Total assets value of the foreign entity must be at least 2 billion US Dollars for the year preceding the year in which the application to establish the insurance enterprise is filed;
- e. The foreign entity must commit to support the insurance enterprise in terms of finance, technology, corporate management, risk administration, management and other activities and ensure that the insurance enterprise complies with requirements on financial

⁶⁵ LOIB art. 64

⁶⁶ LOIB art. 64

⁶⁷ Law on Enterprise No. 59/2020/QH14 adopted by the National Assembly on June 17, 2020, as amended from time to time.

⁶⁸ LOIB art. 65.

safety and risk administration in accordance with the LOIB;

f. The foreign entity that satisfies points b, c, d and e above can authorize a subsidiary, that is specialized in investment to establish the insurance enterprise in Vietnam. The subsidiary must satisfy point d above.

A Vietnamese entity that wishes to become a founding shareholder/member of an insurance enterprise in Vietnam must have total assets of at least 2,000 billion VND in the year preceding the application to establish the insurance enterprise.

An entity, that wishes to contribute more than 10% of the charter capital of an insurance enterprise or reinsurance enterprise in Vietnam must satisfy the following additional requirements:

- a. An entity that is subject to a legal obligation to maintain a minimum legal capital or charter capital must ensure that after its contribution of charter capital of the insurance enterprise or reinsurance enterprise in Vietnam, it continues to satisfy such requirement;
- b. An entity that is established in accordance with the Law on Financial Institutions⁶⁹, the LOIB or the Law on Securities⁷⁰ must continue to maintain and satisfy requirements on financial safety and be approved by a competent authority to contribute capital into the insurance enterprise; and
- c. Financial statements for the 3 years preceding the application to establish the insurance enterprise must be audited and approved.

2. Licensing

If an organization meets these requirements, it may submit an application to obtain an establishment and operation license. An organization that qualifies may submit an application. The basic dossier must contain at least:

1. Application forms;
2. Draft charter;
3. Five-year business plan that describes the proposed scope of business, target market, distribution channels, methods to establish a professional reserve, reinsurance program, investment capital, business performance, solvency, internal control, internal audit, risk management and information technology;
4. Identity card or passport, copy of judicial records or equivalent, copy of qualifications of the intended Chairman of the Board of Members, Chairman of the Board of Directors, General Director, Deputy General Director, Legal Representative and Actuaries of the insurance enterprise.
5. List of founding shareholders/members (both entities and individuals); in case of a joint stock insurance enterprise, a list of beneficiaries with identification documents and other relevant information;
6. Certification by a bank in Vietnam that the appropriate charter capital has been placed in an escrow account at the bank;

⁶⁹ Law on Financial Institutions No. 32/2024/QH15 adopted by the National Assembly on January 18, 2024, and its guiding documents.

⁷⁰ Law on Securities No. 54/2019/QH14 adopted by the National Assembly on November 26, 2019, as amended from time to time.

7. Meeting minutes of shareholders agreeing to establish the insurance business and to the draft charter;
8. Approval from the relevant government authority as required by law; and
9. Authorization for an individual or an entity to complete all necessary legal procedures.

Within 30 days from the date the MOF receives the application, if the MOF deems that the application is incomplete, it shall request the insurance enterprise to supplement/adjust the application. Within 60 days from the date the MOF receives a complete application, the MOF may (i) grant the license to the insurance enterprise or (ii) refuse to grant the license, in which case, the MOF will explain the reason in writing.

Within twelve (12) months from the date it receives its license, an insurance enterprise must complete certain post-licensing procedures. It must release the capital in the escrow account into charter capital, register its seal, tax code, open a bank account as required by law, file a report with the MOF on its plan to create the required operational reserves, and adopt internal regulations on supervision, compensation, internal control, financial management, investment and reinsurance management, as necessary. If it fails to start operations within 12 months, its license will be revoked.⁷¹ The insurance enterprise may apply for an extension of twelve (12) months to start operations, and an extension is subject to approval by the MOF.

3. Management

Managerial personnel of an insurance enterprise, for three consecutive years prior to the date of appointment, must meet the following requirements:⁷²

- Not have been subject to any administrative penalties which have resulted in suspension from the appointed managerial position in the respective insurance enterprise.
- Not have been subject to any disciplinary action for violation of any internal procedures which have resulted in suspension or termination of employment.

There are specific requirements for each managerial position, including the Chairman of the Board of Members, Chairman of the Board of Directors, General Manager, legal representative, controller and others. They include: (i) a university degree or higher in insurance, or in economics, finance, banking, law, business administration, accounting or auditing with insurance-related coursework, or a degree in another field together with an insurance certificate from a legally established training institution; (ii) relevant professional experience, typically ranging from three to five years depending on the position; (iii) residency requirements, requiring the individual to reside in Vietnam during their term of office and (iv) experience, which means at least three to five years, depending on the position. Persons expected to hold positions of Chairman of the Board of Management, General Director and Appointed Actuaries must fulfill the above qualifications. Any change in these positions must be approved by the MOF. A change in the above positions requires the insurance enterprise to prepare a dossier, which includes (i) appointment documents as required by the Charter for the new appointee; (ii) personal documents of the appointee, including resumes, identifications, qualifications, and (iii) commitment of the appointee to

⁷¹ LOIB art. 73

⁷² LOIB art. 81

work for the enterprise after being approved. The MOF will issue written approval and must provide written explanations if the change is rejected.⁷³

4. Internal Control, Internal Audit and Risk Management

An insurance enterprise is required to establish internal controls⁷⁴, have an internal audit department⁷⁵ and create a risk management system⁷⁶.

It is also required to establish internal processes and procedures, which must be strictly complied with by its management personnel, controllers and employees. Internal controls of an insurance enterprise must be assessed annually by the internal audit department.

An internal audit department is required. The purpose of this department is to:

- Independently and objectively review and assess internal control and risk management activities;
- Independently review the suitability and compliance of the internal rules and regulations, processes and procedures;
- Recommend adjustments to improve or enhance the internal rules and regulations, processes and procedures to ensure safety, effectiveness and compliance with Vietnamese law. The internal audit department must prepare and submit an annual report to the Board of Directors, Board of Members and the General Director.

Article 86 of the LOIB requires an insurance enterprise to establish a risk management system, which must satisfy certain legal requirements. Annually, an insurance enterprise must prepare a report on the solvency and risk management following Circular 70/2022/TT-BTC.⁷⁷

5. Capital

The enterprise must comply with capital contribution requirements by providing information on the capital contribution of each shareholder, who is an entity or an individual with a share of more than 10%.

The charter capital of an insurance enterprise is the amount contributed or committed to be contributed by its members or shareholders.⁷⁸ The paid-up charter capital must be sufficient to match its range of operation, business plan, and location.

⁷³ Decree 46/2023 art. 24.

⁷⁴ LOIB art. 84

⁷⁵ LOIB art. 85

⁷⁶ LOIB art. 86

⁷⁷ Circular 70/2022/TT-BTC dated November 16, 2022 on risk management, internal control and internal audit of insurance enterprises, reinsurance enterprises, branches of non-life foreign insurance enterprises and branches of foreign reinsurance enterprises.

⁷⁸ LOIB art. 94.1.

Article 35 of Decree 46/2023 sets the minimum legal capital for each type of insurance enterprises, as follows:

Insurance product	Minimum legal capital
Insurance Company	
Non-life insurance, health insurance, and term life insurance with a duration of one year or less • excluding airline insurance and satellite insurance • with either airline insurance or satellite insurance • with both airline insurance and satellite insurance	VND 400,000,000,000 VND 450,000,000,000 VND 500,000,000,000
Life insurance • excluding unit-linked insurance or retirement insurance • with either unit-linked insurance or retirement insurance • with both unit-linked insurance and retirement insurance	VND 750,000,000,000 VND 1,000,000,000,000 VND 1,300,000,000,000
Health insurance	VND 400,000,000,000
Reinsurance Company: • Reinsurance, non-life reinsurance cessions, or both non-life insurance, and health reinsurance, and term life insurance with a duration of one year or less • Reinsurance, life reinsurance cessions, or both life insurance and health reinsurance • Reinsurance, including reinsurance cessions in all three categories: life reinsurance, non-life reinsurance, and health reinsurance	VND 500,000,000,000 VND 900,000,000,000 VND 1,400,000,000,000
Branch of Foreign Non-life Insurance Enterprise	
Non-life insurance, health insurance, and term life insurance with a duration of one year or less: • excluding airline insurance and satellite insurance • with either airline insurance or satellite insurance • with both airline insurance and satellite insurance	VND 250,000,000,000 VND 300,000,000,000 VND 400,000,000,000
Branch of Foreign Reinsurance Enterprise	
• Reinsurance, non-life reinsurance cessions, or	VND 400,000,000,000

both non-life insurance and health reinsurance, and term life insurance with a duration of one year or less	
• Reinsurance, life reinsurance cessions, or both life insurance and health reinsurance	VND 450,000,000,000
• Reinsurance, including reinsurance cessions in all three categories: life reinsurance, non-life reinsurance, and health reinsurance	VND 700,000,000,000
Insurance Brokerage company	
• Insurance Brokerage or reinsurance brokerage	VND 5,000,000,000
• Insurance Brokerage and reinsurance brokerage	VND 10,000,000,000

The LOIB provides a concept of capital adequacy ratio, which is defined to be the ratio of available capital against risk-weighted assets.⁷⁹ An insurance enterprise must always maintain a capital adequacy ratio that is higher than that determined by the MOF. The MOF will provide further details regarding the capital adequacy ratio, risk-weighted assets and available capital.

6. Escrow Account and Reserves

The LOIB requires that an insurance enterprise open an escrow account at a local commercial bank. It must deposit two percent of the statutory legal capital.⁸⁰ The insurance enterprise may draw the deposit to fulfill its commitments to insurance buyers if their solvency fails. Such use, however, must be approved in writing by the MOF. Within 90 days of drawing down the deposit, the insurance enterprise must replenish the escrow account.⁸¹

An insurance enterprise is also required to set aside an insurance operational reserve. It represents an amount of money covering pre-calculated insurance liabilities expected to arise from signed insurance policies.⁸² The reserve is charged against profits to cover projected claims and obligations. A reserve creates a reduction in the current profit. When obligations have actually been incurred and satisfied, the reserve can be reduced, thus removing a charge on current profit. On the balance sheet, the reserve appears as a liability. The amounts represented by each reserve can be invested. The required operational reserves are different for non-life insurance and life insurance. The reserves may include: (1) unearned premium reserve, (2) indemnity reserve, (3) large-loss fluctuation reserve, (4) actuarial reserve or mathematical reserve, (5) interest-sharing reserve, (6) reserve to guarantee committed interest, and (7) balance reserve. Reinsurance enterprises must set up all operational reserves that are required for the respective insurance enterprise. Decree 46/2023 and Circular 67/2023 sets out detailed instructions on how to calculate and structure these reserves.

⁷⁹ LOIB art. 95

⁸⁰ LOIB art. 96.1.

⁸¹ LOIB art. 96.3.

⁸² LOIB art. 97.

C. Sale of Insurance Products

For compulsory insurance products, the MOF publishes terms, premium scales, and minimum insurance amounts that an insurance enterprise must incorporate into its policies.⁸³ An insurance enterprise may develop its own terms for non-compulsory insurance products. These independently developed terms do not require MOF's approval.

Nevertheless, they must adhere to certain standards. The policy terms must comply with law and ethical standards. The language used must be accurate, clear, and easy to understand. Technical terms should be clearly defined. The policy must include a clear and transparent description of the insurable interest, the risks, the rights and obligations of both the buyer and the insured, the responsibilities of the insurer, conditions leading to exemptions of liability, methods of payment, and the provisions on dispute resolution. Finally, premium scales must be set based on statistical data, and must protect the solvency of the insurance enterprise.⁸⁴ Insurers and branches of foreign non-life insurers are required to register and seek the Insurance Supervisory Authority's consent to the premium calculation methods and bases of insurance products classified into life insurance or health insurance. Non-life insurers and branches of foreign non-life insurers must notify the Ministry of Finance before applying or making changes in premium calculation methods and bases for vehicle insurance products, except coverage for vehicle owner's civil liability, and must comply with these premium calculation methods and the bases notified to the Ministry of Finance.

Once the insurance enterprise has finalized the terms and details of the policies it intends to sell, it may sell them by direct sale, by sale through agents and brokers, by auction, by electronic transactions, or by other legal channels⁸⁵ and must comply with regulations relevant to that channel.

D. Capital Investment

Sources of investment capital of an insurance enterprise, reinsurance enterprise or a branch of a foreign insurance enterprise in Vietnam include its own equity and idle capital from operational reserves or other source of capital that may be otherwise provided in the law.⁸⁶

Investments by an insurance or reinsurance enterprise or the branch of a foreign insurance enterprise must follow certain principles:

- a. Investment with any form of capital must ensure the safety and liquidity of the investment and must follow mandated guidelines.
- b. Operational reserves can only be used for domestic investment, except as otherwise provided in the LOIB;
- c. An insurance enterprise, a reinsurance enterprise or a branch of a foreign insurance enterprise in Vietnam is not permitted to take out a loan to invest in a securities trust, to invest in real estate or to contribute capital in other businesses;
- d. An insurance enterprise, a reinsurance enterprise or the Vietnam branch of a foreign insurance enterprise is not permitted to invest more than 30% of its investment capital in

⁸³ LOIB art. 8.5.

⁸⁴ LOIB art. 87.

⁸⁵ LOIB art. 87.4.

⁸⁶ LOIB art. 99

multiple companies of the same company group. This does not apply to savings in financial institutions or foreign investment capital in the form of establishment of businesses or branches in a foreign country;

- e. Reinvestment into shareholders, stakeholders or related persons is not permitted, except for savings at financial institutions;
- f. Purchase of corporate bonds is not permitted;
- g. In case of fiduciary investments, trustees must be licensed to perform fiduciary investment activities.

Certain investment activities are not permitted.⁸⁷ Insurance enterprises, reinsurance enterprises or branches of a foreign insurance enterprise must assess the value of its investment in accordance with regulations of the MOF.

Offshore investments by insurance enterprises and reinsurance enterprises can only be made in the following forms:

- a. Capital contribution to establish the offshore entity, capital contribution, purchase of shares, purchase of capital of insurance or reinsurance enterprises in a foreign country; establishment of branches, representative offices and other commercial presences in a foreign country;
- b. Sale and purchase of securities, other valuable stocks or investments through securities investment funds and other intermediary financial institutions in a foreign country in accordance with Vietnamese law.

Offshore investments by insurance enterprises and reinsurance enterprises must comply with the following principles:⁸⁸

- a. Investments must comply with regulations on insurance business, investments and foreign exchange management;
- b. Investments must ensure the capital safety ratio and the solvency of the insurance enterprise and reinsurance enterprise;
- c. Investments must be made under the name of the insurance enterprise or the reinsurance enterprise;
- d. Investments must be monitored and managed to separate investment capital, investment assets, revenue and expenses of foreign investment activities;
- e. Insurance enterprises and reinsurance enterprises are not permitted to use money or assets of domestic insurance buyers to cover the loss or lack of capital in foreign investment activities, unless otherwise permitted under the law;
- f. Foreign investment activities must be approved in writing by the MOF.

An insurance enterprise or reinsurance enterprise must meet the following requirements to be eligible to apply for an offshore investment license from the MOF:⁸⁹

1. The insurance or reinsurance enterprise must have been profitable for three consecutive years preceding the year of the application for an offshore investment license;

⁸⁷ LOIB art. 99.3

⁸⁸ LOIB art. 100.3.

⁸⁹ Decree 135/2015 art. 14.

2. The owners' equity in the financial statements of an insurance or a reinsurance enterprise must be equal to or greater than the minimum capital required under Decree 46/2023;
3. The insurance or reinsurance enterprise must meet the requirements in relation to solvency margin in the most recent reporting period;
4. The insurance or reinsurance enterprise must not have been fined more than 400 million VND in the 12 months prior to its application for an offshore indirect investment license;
5. The insurance or reinsurance enterprise must have fulfilled all financial obligations to the Government and does not have any outstanding taxes;
6. The insurance or reinsurance enterprise must have internal regulations, internal control, internal audit and analysis and administration of risks in relation to offshore indirect investment; and
7. The insurance or reinsurance enterprise must be permitted to conduct offshore investment in accordance with the regulations on investment and foreign exchange management.

An application for an offshore investment must include the following documents:

1. Internal approval for the offshore investment
2. Request for an offshore investment license;
3. Internal procedures on offshore investment, including internal control, internal audit, analysis and administration of risks in relation to offshore investment;
4. Presentation of the offshore investment, including details on the target country, investment purposes, investment forms, investment capital, scale, investment schedule, any agreement or memorandum of understanding with partners;
5. Evidence that the insurance or reinsurance enterprise has met the requirements provided in the LOIB; and
6. Confirmation from the tax authorities of the fulfillment of all financial obligations.

Within 30 days of the receipt of a complete dossier, the MOF will issue an offshore investment license. The MOF must provide a written explanation if the offshore investment license is refused. After completion of the implementation of the offshore investments, the insurance enterprise/reinsurance enterprise must notify the MOF.

E. Solvency and Financial Security

An insurance enterprise, reinsurance enterprise or a branch of a foreign insurance enterprise is considered to be solvent when it has established reserves as required by law and when it maintains its capital adequacy ratio. An insurance enterprise, reinsurance enterprise or a branch of a foreign insurance enterprise in Vietnam must maintain solvency at all times.

An insurance enterprise, reinsurance enterprise or a branch of a foreign insurance enterprise in Vietnam is considered to be financially secure if it meets all requirements on capital, solvency and investment. During its course of business, it must proactively review its procedures, rules, risk management systems, business plan, assess its insurance, reinsurance business activities, financial activities to ensure efficiency, safety and compliance as provided in the LOIB. Depending on the status of its financial security, improvement measures, early intervention measures or control measures can be applied.

If an insurance enterprise, reinsurance enterprise or a branch of a foreign insurance enterprise is subject to improvement measures, it must implement one of the following measures and report to the MOF in writing on its actual financial status, causes and the improvements it has applied:

- a. Increase of capital;
- b. Improvements in business efficiency by focusing on effective insurance products; review insurance premiums and insurance liability; restructure insurance programs; decrease operational and management expenses; restrict payment of remuneration, salary and benefits of managerial positions;
- c. Restructure its investment portfolio;
- d. Strengthen risk management; reorganize managerial positions and other positions; decrease purchase of immovable assets; decrease the use of funds; and
- e. Other measures as provided by law.

During implementation of these improvement measures, it is not permitted to transfer profits offshore, pay dividends nor increase reinsurance.

If an insurance enterprise, reinsurance enterprise or a branch of a foreign insurance enterprise has its capital adequacy ratio at the level that requires implementation of early intervention measures or if it has applied improvements for 12 consecutive months without rectification of its capital adequacy ratio, the MOF will issue an official notice requesting the implementation of early intervention measures. Within 60 days, it must prepare a remedy plan to rectify the capital adequacy ratio. The remedy plan can be implemented for 12 months. The MOF publishes a list of such enterprises that are subject to early intervention measures.

If it has its capital adequacy ratio at the level that requires implementation of control measures, the MOF shall issue an official notice to the owners, shareholders, members who own 10% of the entity, and the relevant foreign competent authority. Within 30 days of such notice, the entity must undertake an independent audit to assess its financial status. Within 120 days of the notice, it must submit to the MOF a plan to rectify the capital adequacy ratio. The plan can be implemented during 18 months. If after 18 months, the capital adequacy ratio has not been rectified, the MOF may decide to:

- Suspend certain or all activities;
- Require the entity to be divided, merged, split, acquired;
- Request the transfer of its insurance portfolio.

F. Reporting Requirements

Insurance enterprises, reinsurance enterprises and branches of foreign insurance enterprises must meet various reporting requirements. They must prepare and submit audited financial statements, statistical reports, and operational reports to the MOF.⁹⁰ The financial statements must include balance sheets, profit and loss statements, and explanations of the financial statements. The statements must be submitted on a quarterly, semi-annual and annual basis.⁹¹

⁹⁰ Circular 67/2023 Chapter VI.

⁹¹ Circular 67/2023 art. 58.

The contents of the statistical and operations reports depend on whether the enterprise provides life insurance, health insurance, non-life insurance or reinsurance. A list of reports by insurance enterprises, reinsurance enterprises and branches of foreign insurance enterprises in Vietnam are provided in Circular 67/2023.

G. Representative Office and Branch of Foreign Insurance Enterprises

Representative office of a foreign insurance enterprise

A foreign insurance company may open a resident representative office in Vietnam. A representative office is a unit of a foreign business enterprise established under Vietnamese law to research the market.⁹²

A representative office cannot transact business and is not regarded as a Vietnamese insurance enterprise. It may not receive payment in Vietnam for services or goods provided either in Vietnam or offshore. It may not generate revenue by providing goods or services.

In addition to performing market research, a representative office may act as a liaison, prepare investment projects for the foreign parent insurance enterprise, and promote and monitor implementation of those projects.⁹³

Moreover, the chief representative of a representative office may sign contracts acting through a power of attorney from the offshore parent. The power of attorney, however, must clearly state that the chief representative acts on behalf of the parent and not the representative office. This should be done with the knowledge that there are tax implications.

A foreign insurance enterprise that wishes to establish a representative office must satisfy the following criteria: it must have been in operation in its home country for at least five years; and it must have a cooperative relationship with Vietnamese organizations and agencies.⁹⁴ It must file an application dossier with the MOF to obtain a license to establish an RO. An RO of a foreign insurance enterprise can have a duration of 5 years, and is renewable. An RO can be terminated in the circumstances set out in Decree 73/2016.⁹⁵

Branch of a foreign insurance enterprise

A foreign non-life insurance enterprise or a foreign reinsurance enterprise (for the purpose of this section "foreign enterprise") is permitted to open a branch in Vietnam. The branch is a dependent unit of the foreign enterprise and is not considered a legal entity in Vietnam. The foreign enterprise will be responsible for all obligations and commitments of its branch in Vietnam.⁹⁶ To establish a branch in Vietnam, a foreign enterprise must:

1. have a head office located in a country with which Vietnam has a relevant agreement;
2. be approved to establish the branch in Vietnam by the competent authority in the country where its head office is located;

⁹² Commercial Law, article 3.

⁹³ Decree 07/2016/ND-CP dated January 25, 2016.

⁹⁴ LOIB art. 76.

⁹⁵ Decree 46/2023 art. 56.

⁹⁶ LOIB art. 67

3. have minimum total assets of USD 2 billion during the latest financial year;
4. be profitable for the three consecutive years preceding the year of its application; and
5. commit to be responsible for all obligations and commitments of its branch in Vietnam.

The MOF licenses the branch.⁹⁷ Details on establishment, business operations, amendments required to be registered, the financial regime, and reporting obligations of the Insurance Branch are provided in Decree 46/2023. The branch is subject to a minimum legal capital requirement, which is discussed in Section IV.B.5.

V. Reinsurance

Reinsurance occurs when an insurance enterprise, a reinsurance enterprise or a branch of a foreign enterprise in Vietnam receives reinsurance premiums of another insurance or reinsurance enterprise or the branch of a foreign enterprise in Vietnam to commit to compensate for an insured liability.

An insurance enterprise, a reinsurance enterprise or a branch of a foreign enterprise in Vietnam may accept or cede part of the liability it has agreed to insure but cannot cede the entire liability. They must calculate the retention limit for each type of insurance and each type of risk. Retention limit per risk or loss must not exceed 10% of owners' equity.⁹⁸

A reinsurance enterprise or an entity that engages in reinsurance activities must meet the legal capital requirement, which is mentioned in Table 1. A reinsurance enterprise or an entity that engages in reinsurance activities is also subject to separate reporting requirements as provided in Circular 67/2023.

VI. Services auxiliary to insurance

Services auxiliary to insurance refer to parts of the insurance business, including the following services:⁹⁹

- Insurance consultancy: provision of consultancy services on insurance programs, insurance products, insurance risk management and prevention and reduction of losses and damages;
- Insurance risk assessment: identification, classification and assessment of the nature and extent of risks and the management of risk to people, property and the civil responsibility of the insured as a basis for insurance coverage;
- Actuarial analysis: the collection and analysis of statistical data; calculation of insurance premiums, professional reserves, capital and solvency margins; evaluation of business performance and determination of value in order to ensure the financial safety of the insurer;
- Insurance loss assessment: determination of the actual state, cause and level of loss and the calculation and allocation of liability for compensation;
- Claim settlement: assisting policyholders, the insured, beneficiaries or insurers in the process of settling an insurance claim.

⁹⁷ Decree 46/2023 art. 14.

⁹⁸ Circular 67/2023 art. 33.

⁹⁹ LOIB art. 4

An insurance enterprise, an insurance brokerage enterprise or a Foreign Insurance Branch is permitted to provide services auxiliary to insurance to other insurance enterprises, insurance brokerage enterprises, mutual support insurance organizations or Foreign Insurance Branches. A legal entity is permitted to provide services auxiliary to insurance, if the legal entity has employees who satisfy certain requirements¹⁰⁰, including: (a) being a Vietnamese national who has full civil capacity, and either (i) a bachelor's degree in insurance or (ii) training from an institution accredited to train and certify insurance agents¹⁰¹ and (b) a legal entity that provides loss assessment and actuarial analysis is subject to additional requirements.¹⁰²

VII. Microinsurance

Microinsurance products are insurance products that are concise, easy to understand, have simplified actuarial procedures or require no actuarial service. Microinsurance only offers basic coverage against life, health and property risks of participants and lasts for less than 5 years. A microinsurance provider must apply and obtain approval from the MOF regarding the methods and basis to calculate the premiums of microinsurance products.

Microinsurance can be provided by insurance enterprises, Foreign Insurance Branches or mutual support insurance organizations. A mutual support insurance organization is only permitted to provide microinsurance for its members.¹⁰³

VIII. Agents and Brokers

A. Agents

An insurance agent offers and sells insurance, arranges or concludes insurance policies, and undertakes other activities. The agent must be authorized by the enterprise to carry out these activities.¹⁰⁴ The agent must be a Vietnamese national, must have full civil capacity, and must have received training from an institution accredited to train and certify insurance agents.¹⁰⁵ The agent must enter into an insurance agency agreement and act exclusively for only one insurance enterprise.¹⁰⁶

Insurance agents may not pressure customers to cancel valid insurance policies. They must provide clear and accurate disclosure and explanations of policy terms and obligations. They may not mislead customers or exert undue influence in their choice of insurance products. They must not conduct any wrongful activities such as making threats, paying bribes or enticing employees or customers of other insurance enterprises.¹⁰⁷

An insurance enterprise must provide its agents with all information necessary to enable them to provide appropriate services to buyers. They are also entitled to receive commissions.¹⁰⁸

¹⁰⁰ LOIB art. 143

¹⁰¹ LOIB art. 143.1(b)

¹⁰² LOIB art. 143.1(c) and (d)

¹⁰³ LOIB art. 149.1

¹⁰⁴ LOIB art. 124

¹⁰⁵ LOIB art. 125.1

¹⁰⁶ LOIB art. 126

¹⁰⁷ LOIB art. 129

¹⁰⁸ LOIB art. 128

By “commissions” we mean amounts paid by insurance enterprises directly to insurance agents in return for services they provide to the insurance enterprises. Circular 124/2012 has schedules that provide the maximum rates of insurance commission, but the rates should be used as a reference only as the Circular has expired and has not yet been replaced.

Insurance enterprises may select agents with whom they wish to enter into agency contracts, and set their commission rates in those contracts. They may receive and manage deposits or assets that agents have mortgaged as security under the agency contract.

An agent must have a practicing certificate issued by a training establishment approved by the MOF¹⁰⁹. The MOF regulates the program, content and form of training required to obtain this certificate.

B. Brokers

A broker is an insurance brokerage enterprise that provides information on types of insurance, policy terms and premiums, and general information on insurance enterprises to its customers who wish to purchase insurance.¹¹⁰ The broker usually helps the insurance buyer assess risk management, select suitable insurance products, and negotiate and conclude insurance policies.¹¹¹ A broker works for and is paid by the insurance buyer, rather than an insurer.

To be licensed, an insurance brokerage enterprise must meet capital requirements established by the government, submit documents such as a draft charter and five-year business plan, and provide evidence that its executives and managers have appropriate qualifications.

The law allows foreign-invested enterprises to engage in the brokerage business. An insurance brokerage enterprise is entitled to receive brokerage fees. The fees may be included in the insurance premium.¹¹² The law requires the broker to provide honest services, and not to disclose or provide information that damages the insurance buyer's rights.

VIII. Conclusion

The formation of the AEC and the execution of an increasing number of bilateral and multilateral free trade agreements, together with Vietnam's WTO commitments have continued to open the market for goods and services. As a result, the insurance market is now more competitive. Competition will continue to encourage the development of new insurance products. Firms may explore creative packaging of existing products. The industry has already seen the advent of new products that integrate insurance and investments, which appeal to consumers with rising personal incomes. An increased variety of insurance products will create new regulatory challenges.

Consumers rely on the internet to obtain information and to manage their personal business. Insurance enterprises therefore offer more services online. This has presented new challenges for regulation of disclosures, transparency and privacy.

¹⁰⁹ LOIB art. 130

¹¹⁰ LOIB art. 131.

¹¹¹ Circular 67/2023 art. 54.

¹¹² Circular 67/2023 art. 55.

With increasing competition comes a heightened responsibility for both insurance enterprises and the Government to develop rules of professional ethics. Government regulations consistently demand disclosure and transparency, and, at the same time, prohibit anti-competitive practices. The need for supplemented documents has been substantially curtailed. With the legal system becoming more and more transparent and the market becoming more and more competitive, it is essential that insurance enterprises closely monitor their internal operations and maintain ethical standards.