

## LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE      INDEPENDENCE      DEMOCRACY      UNITY      PROSPERITY

People's Supreme Assembly

No. 11/90/PSA

### INSURANCE LAW

No. 11/90/PSA, (was adopted through unanimously vote casting at the fifth ordinary session of the People's Supreme Assembly, second Legislature, on November 29, 1990 at 3:40 pm and entered in force by the presidential decree No. 101/PR on December 1990)

#### Chapter I General Principles

##### Article 1      Purposes of the Insurance Law

The Insurance Law aims at promoting and safeguarding the socio-economic basis of the Lao People's Democratic Republic, adjusting insurance relationships, ensuring the implementation of rights and obligations between enterprises conducting insurance business and insured individuals or judicial entities business in the implementation of state Laws and ensuring the state's control over insurance business.

##### Article 2      Insurance policy

Insurance policy is a contract whereby one party called the "insurgent" agrees to pay insurance premiums ensuring the indemnity of damage occurring to himself or to a third person as the risk happens and the other party called the "insured" ensures risks through indemnities.

##### Article 3      Parties involved in an insurance contract

Parties involved in an insurance contract include the insurer, the insured or insurant and the beneficiary (ies)

The insurer is an enterprise authorized by the state to conduct insurance business.

The insured is the party receiving guarantees on life or property from the insurance enterprise.

The insurant is the party actually signing the insurance contract whereby he agrees to pay insurance premiums aiming at guaranteeing his own life or property (in such case the insurant is at the same time the insured) or the life or property of a third person.

The beneficiary is the party receiving insurance annuity or compensation as provided in the insurance contract as damage occurs.

Article 4 Scope of implementation of the Insurance Law

This Insurance Law is enforceable for the following insurance enterprises:

1. Insurance enterprises establishing contracts which performance depends on the lifetime of the insured;
2. Insurance enterprises on all branches collecting insurance premiums and ensuring insurance indemnities payment in case damage occurs;
3. Insurance enterprises specifically conducting accumulation policies through the establishment of contracts.

Article 5 Forms of Insurance Companies

An insurance enterprise is a juridical conducting insurance business or accumulation policies.

Only insurance enterprises existing in the form of partnerships affiliates of foreign insurance companies have the right to conduct such business as mentioned in Article IV of this Law.

Enterprises mentioned in Article IV, point 2 of this Law will not be entitled to conduct such business as provided in Article IV, point 1 and 3 of this Law, except if authorized by competent state authorities.

Article 6 Insurance Categories

Insurance activities are categorized as follows:

1. Property insurance:  
Property insurance covers damage occurring to properties in production, business and life, such as: factories house burning down, theft and others for which the insurer must indemnify the insured.
2. Public liability insurance:  
Public liability insurance covers public damage which the insurer must compensate or pay on behalf of the insured.
3. Individual insurance and accumulation policy:  
Individual insurance and accumulation policy compensates for damage in case of decease or illness and insurance annuity in case decease has not yet occurred as provided for in the insurance certificate.

Part II

Insurance Business Permit  
And State Audition

Section I

Insurance Business Permit

Article 7 Application for Insurance Business Permit

Individuals or juridical entities requesting the authorization to conduct insurance business must submit all required documents as mentioned in the decree of the Council of Ministers.

Applications for insurance business permits must be submitted to the Minister of Economy, Planning and Finance, who must give consideration and response within three months from the day the requests are received.

Article 8 Authorities Empowered to Deliver Insurance Businesses Permits.

Individuals or juridical entities desiring to conduct insurance business as contained in article IV of this Law may only start operating when authorized by the Minister of Economy planning and Finance.

The Minister of Economy, Planning and Finance has the right to authorize solicitors to operate in one or several insurance branches.

Insurance enterprises have the right to operate only in authorized branches.

In case of necessity due to the situation of insurance market, the Minister of Economy, Planning and Finance has the right to restrict or suspend the issuance of further insurance business permits in one, several or all branches.

The issuance of permits, alterations, limitations, suspension or withdrawal of insurance permits must acquire the form of Decisions issues by the Minister of Economy < Planning and Finance.

Section II  
State Auditing

Article 9 Purposes of State Auditing

The state auditing of insurance enterprises aims at preserving the interests of insured parties or insureds and beneficiaries of insurance contracts and accumulation policy.

Article 10 Declaration and Audition of Documents

Before using document on general insurance conditions or proposals, insurance application forms, advertisements and various forms for distribution or publication or for handing over to holders of insurance contracts or their members, insurance enterprises in all branches must submit them for prior approval from the Minister of Economy, Planning and Finance.

In case of alteration or amendment of statutes, insurance enterprises of all branches must inform the Minister of Economy, Planning and Finance within fifteen days from the adoption by their general meetings.

Insurance enterprises of all branches must inform the Minister of Economy, Planning and Finance on proposed computation basis and insurance premium rates.

In case insurance enterprises decide to bring any alteration to insurance premiums, contract terms, vocational organization, competition or financial management, their Directors must inform the Minister of Economy, Planning and Finance of such decisions before implementing this.

The Minister of Economy, planning and Finance has the right to demand the adjustment of insurance premium rates, of all documents to be used in insurance business or in mass accumulation policy, including information to be publicized.

Article 11 Auditors

Auditors are sworn officers assigned in conformity with conditions contained in the specific decision of the Minister of Economy, Planning and Finance and entrusted to permanently monitor insurance enterprises.

Auditors have the right to control on the spot and at any time all activities undertaken by insurance enterprises. Auditors must respect the confidentiality of the business as acquired during the performance of their duties.

Auditors have the right to control all account books, recording registers, contracts, correspondence, memorandums, accounting documents or other documents related to the past situation and activities of insurance companies, to control their cash fund and valuable assets.

Auditors must establish reports presenting the conclusions of their audition, certifying the found situation and submit them to the Minister of Economy, Planning and Finance and recommend remedial measures deemed necessary.

Auditing must implement their work in conformity with the regulations of financial and account auditing.

#### Article 12      Obligations of Insurance Enterprises in Auditing

Insurance enterprises in all branches, individuals or juridical entities empowered by an insurance enterprise to establish or manage a contract, individuals or juridical entities as insurance brokers are subject to control by auditors.

Insurance enterprises must extend facilities to auditors performing their duties in their branches or affiliates in auditing all books and documents as mentioned in Article XI of this Law, and provide for skilled staff to ensure date, as auditors may deem necessary.

### Part III

#### Lao Insurance Companies and Foreign Insurance Companies' Affiliates, Insurance Brokers, Financial, Accounting and Statistical Regime

### Section I

#### Lao Insurance Companies and Foreign Insurance Companies' Affiliates

#### Article 13      Lao Insurance Companies and Foreign Insurance Companies' Affiliates

Lao insurance companies are insurance companies authorized to establish in the Lao People's Democratic Republic through investment between Lao individuals or juridical entities with foreign individuals or juridical entities and are legally registered.

A foreign insurance company affiliate is an organization of foreign insurance companies authorized by the Lao government to conduct insurance business in the Lao People's Democratic Republic and legally registered according to the Lao Laws.

#### Article 14      Criteria for founders of insurance companies.

An individual will not be authorized the right to establish, direct, administer, manage and liquidate an insurance company if such individual is guilty of the penal offence of theft, embezzlement, and concealment of produce acquired from the mentioned offences and criminal offences.

#### Article 15      Limitation of personal interests of the member to the Administrative Council and the Board of Directors

Members of an insurance company's Administrative Council and Board of Directors are forbidden to take the opportunity to directly or indirectly serve their own interests by using the insurance company, insurance market, contract establishment, commercial or except if authorized by the company's general meeting. The annual report submitted to the general meeting must cover operations authorized by the report established by accounting auditors.

Article 16 Conditions of Persons Assigned General Rights by Insurance Companies.

Persons assigned general rights by insurance companies must be in possession of personal records and a certificate of authority for the direct management of insurance company affiliates.

Persons assigned general rights must keep specific accounts for each insurance branch conducted in the Lao People's Democratic Republic.

Article 17 Capital of partnerships

Partnerships must have a corporate capital to undertake insurance operations of at least the amount mentioned in the Decree of the Council of Ministers. Any document to be publicized by insurance companies must clearly state their corporate capital.

Article 18 Guarantees for Lao Insurance Companies and Foreign Insurance Company Affiliates

Lao insurance companies and foreign insurance company affiliates conducting insurance business in the Lao People's Democratic Republic must deposit guarantees at banks established in the territory of the Lao People's Democratic Republic as stipulated in the Decree of the Council of Ministers.

Lao insurance companies or affiliates of foreign insurance companies may deposit guarantees in kip or in foreign currency, state bonds or state bonds or state guarantees bonds. In case the deposited guarantees generates bank interests, the company or affiliate will have the right of use.

In case the technical reserve fund or manipulation deposits parallel to the said technical reserve fund is insufficient, it will be authorized to use the above-mentioned guarantees specifically for the indemnification of insureds or beneficiaries from insurance policies.

If an insurance company terminates or is liquidating its liabilities and assets, the deposited guarantee will be returned to the company before thirty days after the issuance of notice must indicate the economy, planning and finance. The notice must indicate the obligations of the company or the transfer of existing assets and obligations to another authorized enterprise.

Article 19 Insurance Companies' Improvement Methods

If it is seen that an insurance enterprise lacks sufficient guarantee to implement its obligations or may not be able to perform its duties in conformity with the regulations and principles, the Minister of Economy, Planning and Finance has the right to order, recommend and demand the relevant enterprise to present its improvement plans for approval. Such plans must estimate all specific measures for further effective balance of the enterprise.

Presentation of the enterprise improvement plans must take place within thirty days after receipt of orders and recommendations.

In case an insurance enterprise transgresses the regulations on technical reserve funds, the Minister of Economy, Planning and Finance has the right to suspend the free use of assets of the relevant insurance enterprise established in the territory of the Lao People's Democratic Republic.

Article 20      Transfer of Insurance Contract Fund

Insurance enterprises have the right to transfer the insurance contract fund in totality or in part, with their rights and obligations to another or several other insurance enterprises, but must receive prior authorization from the Minister of Economy, Planning and Finance.

Such request for the transfer of contract fund must be made known to creditors through circulars requesting their opinions within three months.

If it is seen that the transfer of insurance contract funds conforms to the interests of Lao insurance and creditors the Minister of Economy, Planning and Finance will issue a decision approving the transfer as requested.

Article 21      Withdrawal of Permit

Insurance business permit extended to an insurance enterprise may be withdrawn for some or all insurance sectors at anytime, if the enterprise is seen as:

- Unable to implement the provided conditions;
- Or unable to implement the measures provided in the enterprise's improvement plans in due time;
- Or seriously transgressing the regulations on the implementation of enforceable obligations;

In case a permit is withdrawn from a foreign insurance company by the authoritative auditors of their headquarters, the Minister of Economy, Planning and Finance must withdraw the permit issued to such company affiliate established in the Lao People's Democratic Republic.

All decisions for the withdrawal of permits or suspension of operations must provide accurate reasons and inform the concerned enterprises.

Permit withdrawal must acquire the form of decision by the Minister of Economy, Planning and Finance, and be publicized.

Article 22      Request for the Nullification of Decisions on Permit Withdrawal

Insurance enterprises have the right to request the nullification of decisions on insurance business permit withdrawal by the Minister of Economy, Planning and Finance from the Council of Ministers within fifteen days from the day the permit withdrawal decision has become known.

The Council of Ministers must consider and give views on such requests within thirty days at the latest from the receipt of such request for nullification.

Article 23      Liquidation

All decisions on the withdrawal of insurance business permits of the Minister of Economy, Planning and Finance enforces the suspension of the concerned Lao insurance company or the beginning of liquidation of assets and liabilities of the foreign insurance company affiliate from the day the decision is effective.

Article 24      Organization of Liquidation

Liquidation is conducted by a liquidation committee established by the chairman of the Council of Ministers at the request of the Minister of Economy, Planning and Finance.

The liquidation committee must comprise one or several representatives of the Insurance Department and other technicians seen as necessary.

During liquidation, the share must comply with the priorities of creditors and as provided by the civil code.

## Section II Insurance Middlemen

### Article 25 Insurance proposals

An individual or juridical entity proposing or accepting the proposal to enter an insurance contract or explaining the guarantee conditions either verbally or in writing to an eventual insurance are to be considered as an insurance proposals.

### Article 26 Insurance middlemen

Insurance business in all branches may make proposals to the public through the following insurance brokers:

1. Insurance representatives;
2. Legally authorized insurance brokers and enterprises;
3. Personnel of insurance companies, assignees of insurance companies, employees of insurance agents and of insurance brokers or of appropriately assigned enterprises acting as insurance brokers and having conducted such work under the responsibility and for the interest of the assignor or from the part of their personnel or assignees.

Insurance companies, insurance agents, brokers or enterprises acting as insurance brokers must take civil responsibilities for incurred losses caused by their own fault, negligence or lack of attention from the part of their personnel or assignees.

### Article 27 Vocational Criteria

Individuals working as insurance middlemen as mentioned in Article 26 hereabove must respond to the following criteria:

- Over 18 years of age and be a Lao citizen.
- Not responsible of any offence as mentioned in Article 14 of this Law.
- Possess sound vocational knowledge and skills.

## Section III Financial Regime

### Article 28 Obligations by Contract in Conformity with Regulations

Contractual obligations in conformity with regulations which the insurance enterprises must possess evidence on value estimates at any time are:

1. Sufficient technical reserve fund to fully implement contractual obligations towards the insured or beneficiary of insurance contracts;
2. Liabilities must coincide with other priority debts.

### Article 29 Life Insurance and Accumulation Reserve Fund

Technical reserve funds for life insurance and accumulation policy are:

1. According to the computation formula, the reserve fund is the difference between the present value of contractual obligations as agreed between the insurance enterprise and the insured (the computation methods must be based on the death and interest rate schedule);
2. Reserve fund for the share of surplus profit.

Article 30      Damage Insurance Reserve Fund

The technical reserve fund for various damage insurance are:

1. The currently implemented risk insurance reserve fund is a reserve fund covering risks, general expenses related to each contract for which insurance premiums have been paid in advance within the period between the day it is established and the day new insurance premiums have been determined.
2. Liable indemnity reserve fund is the estimated value of due expenses;
3. Increased risk insurance reserve funds and risk adjusting reserve fund.

Article 31      Priorities of Insurant and Contract Beneficiaries

Movable assets of insurance companies included in the technical reserve fund represents special insurance and insurance contracts beneficiaries. Such priorities are to be placed directly after the salaries of personnel and state liabilities.

Fixed assets of an insurance enterprise included in the technical reserve fund as suggested by the Minister of Economy, Planning and Finance represent the guarantee stocks which has to be ensured to priority creditors and must be legally registered according to the Laws.

Article 32      Solvability

All insurance enterprises must possess evidence on appropriate solvability.

Solvability includes:

1. Corporate capital and investment capital;
2. Reserve fund not related to any obligations;
3. The carried over profit and outputs of the year after having subtracted losses;
4. Surplus value from the price estimates by the law asset component as agreed by the Minister of Economy, Planning and Finance based on the proposal and evidence presented by the insurance enterprises;
5. Intangible assets are not included in solvability,

The solvability must be tantamount to twenty per cent of the actual insurance premiums.

Section IV  
Accounting and Statistics

Article 33      Auditors

Insurance enterprises are subject to the control of one or several accounting auditors.

Article 34      Specific accounting plans

All insurance enterprises must keep their accounts in the form provided in the Enterprise Accounting Law.

Accounting must be made for each fiscal year and each insurance branch. Insurance enterprise accounting must be evidenced by documents and annual inventory of assets. As basis for the annual inventory of assets, statements for all accounts and small accounts must be established. Such statements must present the capacity to resume all controlled records included in the general book of accounts.



Article 35 Accounting Reports

Each year, insurance enterprises must present annual reports on the preceding year to the Minister of Economy, Planning and Finance before June 30 at the latest. The report must present details of their operations, together with their accounting status in each insurance branch in order to allow the control of the enterprises' operations.

Article 36 Various Accounting Books of Insurance Companies

Insurance enterprises must keep the following account books:

1. One daily record register attached in volume in chronological order, without blank spaces nor writing out of the lines;
2. One general account book;
3. One quarterly balance statement book;
4. Annual inventory records attached into one book;
5. One or several cash fund ledgers;
6. One bank account ledger;

Attestation of movable, fixed assets, and loans must be permanently recorded and monitored by establishing specific lists and records for each type.

Part IV

Regulations on Insurance Contracts

Section I

Targets of Insurance Contracts and Regulations on Insurance Certificates

Article 37 Targets in the Implementation of Insurance Contracts

Insurance contracts on individuals living or residing, occurring threats and on assets located or registered in the Lao People's Democratic Republic may be established only with companies authorized to conduct insurance business in the Lao People's Democratic Republic.

All insurance contracts established in transgression of this Article's provision would be considered as invalid and not enforceable. However, the contract will still remain valid for the good will insured and beneficiary.

Article 38 Establishment of Insurance Certificate

Insurance proposals do not create any bond yet between the insured and the insurer. Only the insurance certificate or protection memorandums are binding for the insured and the insurer.

An insurance certificate is a document providing the general conditions of insurance contracts. Insurance contracts are enforceable only when the parties have agreed to the general conditions as evidenced by an insurance certificate delivered by the insurance company.

The insurance certificate must be made in easily readable Lao writing. In necessary cases, copies in foreign languages may be added.

Additional or altered wordings in an initially established insurance certificate must be included in an additional contract.

When suspended insurance contracts, according to Article 43 of this Law, are proposed for continued implementation, alteration or re-implementation and are sent to the insurer through registered post mail or by hand and signed at its reception, if not rejected by the insurer within fifteen days from receipt, will be considered as accepted.

In addition to these regulations, the establishment of an insurance contract must comply with Article 5 of the Contract Law.

Article 39      Period of Validity of an Insurance Certificate

The period of validity of an insurance certificate must be determined. Insurance contracts proposed by insurance companies as provided in Article IV, point 2 of this law must be valid for a period of one year, and each contract extension must not exceed one year.

In case an insurance contract expires but is continued within itself, a contract party may terminate it, but must inform the other contract party three months in advance in writing or through registered mail or by hand and signed at the receipt.

Article 40      Main Content of Insurance Certificates

The main content of insurance certificate include:

1. First and family names, and address of contract parties;
2. Insurance individuals or assets;
3. Type of threats which are guaranteed against;
4. Beginning date of insurance against risks;
5. Guaranteed sum;
6. Insurance premiums and modes of payment;
7. Methods and conditions of information on occurred damages;
8. Period of validity of the insurance contract and guarantee;
9. Wordings determining the invalidity of insurance contracts, the loss and extension of rights to each contract party to terminate the insurance contract before its expiration.

Article 41      Insurance Risks Covered

The insurers will be responsible for any loss or damage, covered by the insurance policy, if such loss or damage occurs through the fault of the insured person, provided that such loss or damage is specified in the insurance policy. The insurers will not be responsible for any loss or damage intentionally caused by the insured person.

The insurer will be responsible for any loss or damage incurred by the insured person, or any penalties levied on the insured person, including those resulting from violations of the law, however serious these may be.

Article 42      Obligations of the Insured Party

Insured parties have obligation to:

1. Pay insurance premium;
2. Declare correctly all facts known to them in order to help appropriately assess the risks which will be taken in charge by the insurer at the establishment of the insurance contracts;

3. Declare facts which might entail increased risks to the insurer as provided in the insurance certificate;
4. Declare immediately to the insurer all guaranteed losses or damages as they become known and within five days at the latest. In case of insurance against theft, declaration must take place within thirty-six hours.

Both contract parties may agree to extend the period of validity in such fact declarations. The insured party will not lose its rights as provided in the insurance contract when in the incapacity to declare the occurred losses or damages because of incidents or force majeure.

#### Article 43 Insurance Premiums

In case insurance premiums are not paid correctly nor in due time, the enforcement of the insurance certificates will be suspended after a delay of twenty days from the day the insurer has sent a notice of warning to the insured party.

The insurer may terminate the insurance certificates or lodge a court appeal demanding the insured party to implement the contract after a period of twenty days from the day the insurance certificate has mentioned in Articles IV, Points 1 and of this law.

The provisions mentioned in this article will not be applied in the case of insurance certificates established by insurance companies, as mentioned in Article 4, Points 1 and 3 of this law.

#### Article 44 Concealment and False Declarations

In case the insured conceals or gives false declarations entailing changes of risk targets or making the insurer give a lower assessment of the risks than in reality, the insurance contract will be considered invalid.

#### Article 45 Indifference in Declaration

Indifference or incorrect declaration by the insured party will not cause the contract's invalidity if the insurer has no evidence that the insured lacks good will.

In case the lack of good will is discovered before any damage occurs, the insurer has the right to continue the contract by increasing the insurance premiums if agreed by the insured party or has the right to terminate the contract and return paid insurance premiums for the period whereby the insurance contract is not enforceable from the insured party, if the period of ten days has been exceeded from the day notice has been sent to the insured by registered mail or by hand with acknowledged receipt.

If the lack of good will is discovered ulterior to the occurrence of damages, insurance compensations to be paid to the insured party will be reduced according to the proportion of unpaid insurance premiums in case risk declarations are correct and complete.

Both contract parties may agree to use the regulation on the reduction of insurance compensation costs according to this proportion.

#### Article 46 Wording Invalid Insurance Certificate

Any wording in an insurance certificate providing that the insured party loses its rights because of the transgression of laws and regulations will also be invalid, except for the part related to the transgression of laws and regulations pertaining to criminal offences or voluntary offences of simple police.

Section II  
Prescription of Court Appeal  
And Authoritative Court

Article 47 Prescription in Court Appeal

Court appeal due to insurance contracts may take place during three years from the day the event has occurred.

The prescription will be suspended according to the regulations mentioned in Article 35 of the Contract Law or because of insufficient reasons and because an expert has been assigned to prove the truth after the occurrence of damages.

Article 48 Authoritative Court for the Consideration of Disputes

The authoritative court for the consideration of disputes between the insured and the insurer is the jurisdiction of the insured party's domicile. In case of insurance against accidents, it will be the jurisdiction where the accident has occurred.

Section III  
Insurance Against Property Damages

Article 49 Principles of Insurance Compensation

Insurance contracts against property damage are a contract for the compensation of damages by insurance compensation. The amount of insurance compensation paid by the insurer to the insured must not exceed the value of insured assets at the time the damages occurred.

Article 50 Insurance Lower to the Value of Assets

When damages occur, if the insured assets are assessed to be higher than the guarantee, the insured must take the responsibility of the happening, except if otherwise agreed in the insurance certificate.

Article 51 Loss of Insured Assets

In case insured assets are totally lost due to a cause not mentioned in the insurance certificate, the insurance will terminate and the insurer must reimburse the remaining insurance premiums for the period of validity of the insurance contract to the insured.

Article 52 Taking Over the Rights of the Insured

The insurer, having already paid insurance compensations, has the right to take over the rights of the insured in lodging a complaint demanding a sum of money equal to the paid damages from third person responsible for the damage.

The insurer does not have the right to lodge a complaint demanding reimbursement if the person responsible for damage is a relative of the same bloodline, is assigned as replacement, is an employee of the insurer and is permanently living in the house of the insured except if such persons have voluntarily caused damage.

## Section IV Individual Insurance

### Article 53      Specific Regulations for Individual Insurance

Individual insurance refers to life assurance or personal accident insurance for cases causing either death or injury, for which compensation must be mentioned in the insurance certificate.

Individual insurance, as the insurer has paid the compensations, it will not have the right to exercise the right of insurant or beneficiary of insurance contract to claim back the paid sum from a third person responsible for the damage.

### Article 54      Life Assurance

An individual has the right to establish a life assurance for himself or for a third person with the latter's approval in a written document where the assurance amount will be mentioned.

It is forbidden to establish a life assurance contract for children of less than fifteen years old, for people having lost their rights, for individuals showing signs of mental disability or unconsciousness or under medical treatment in a psychiatric hospital.

### Article 55      Content of Individual Insurance Contracts

An insurance contract or life assurance certificate, in addition to the necessary content for the establishment of an insurance certificate in all branches, must mention the following:

1. First and family name, birth date of one or several life insured;
2. First and family name of the beneficiary, if any;
3. Facts or wordings entitling to receive insurance compensations;
4. Conditions reducing the damages, if agreed in the insurance certificate.

### Article 56      Suicide and Crime

Life assurance will not be enforceable if the assured has committed suicide, but the insurer still has to pay the entitled persons at an amount available in the fund in conformity with the compilation formula.

If the insurance certificate provides that the insurer will pay damages to the insured in case the latter commits suicide, the certificate will only be enforceable if two years of insurance have elapsed.

The insurance contract will not be enforceable either if the beneficiary has willingly caused this.

## Section V Civil Insurance

### Article 57      Responsibility Without Offence

The principles mentioned in Part IV are to be implemented towards victims of land traffic accidents caused by motored vehicles and trailers or half trailers, except for trains running on their own path.

The victims must receive indemnities for the damage occurred in the accident without taking the argument that it is their own fault in order to avoid compensation.

The victims will not be indemnified for the damage incurred from an accident if it has been willingly caused by them.

Article 58 Damages

Insurers guaranteeing motored land vehicles must present and remit insurance indemnities to the victim six months at the latest from the accident.

In case the victims are injured or dead, a part of the insurance indemnities must be remitted as necessary to their spouses. If the latter are deceased, the legal inheritors are entitled to receive the indemnities within thirty days at the latest.

The damages to be remitted to the victims may be determined approximately if within a period of three months from the accident, the insurer is still unable to know whether the victims have returned to their normal state or not.

Article 59 Vehicle Insurance

Individuals or juridical entities using motored land trail vehicles or trials in traffic must protect their vehicles through insurance.

The scope for guarantee, establishment and usage value of certificates for insurance monitoring and control of vehicles is provided in the decree of the Council of Ministers.

Article 60 Forfeiture of Rights From Drunkenness

In case of accident where the insured drove a vehicle in such a state of drunkenness or under the effects of narcotics that he is unable to control the vehicle, the wording of the contract providing for the guarantee of the insured will be considered as invalid even though the insurance policy has not mentioned the forfeiture of rights due to drunkenness or use of narcotics.

Article 61 Issuance and Remittance of Insurance Certificates

Insurance companies must issue insurance certificates to insured parties for each vehicle without computing their value.

Insurance policy and insurance certificates will be established only as the vehicles, technical control certificates are presented to the insurance companies, except for vehicles not subject to technical control regulations.

Insurance certificates must be kept with the driver or in an easily visible area of the vehicle.

Part V  
Measures Against Offenders

Article 62 Unauthorized conduct of insurance business

Any individual making public proposals for the purpose of selling insurance or signing contract policies on behalf of insurance companies which have not been actually established or which have officially requested the insurance business permit will be penalized from 500,000 Kip to 1,000,000 Kip.

Individuals making proposals to the public with the aim of selling insurance or establishing insurance policies in yet unauthorized insurance branches will be penalized 300,000 Kip to 500,000 Kip.

Individuals acting as insurance middlemen on the pretext of an assignment or direct empowerment by legally authorized insurance companies will be penalized 50,000 Kip to 100,000 Kip.

Individuals assigning the above-mentioned insurance tasks to others with full knowledge of their lack of rights and duties will be penalized conforming to the penal code, will be penalized 500,000 Kip to 1,000,000 Kip.

In case the above-mentioned acts contain elements of offence, penalties conforming to the penal code will be applied.

Article 63 Transgression of Regulations on Measures and Limitation of Interest

Individuals transgressing the regulations mentioned under Article 14 and 15 of this Law will be penalized 500,000 Kip to 1,000,000 Kip.

Article 64 Presentation and Propagation of False Documents

Personnel of insurance companies or insurance brokers presenting documents with false contents to the Ministry of Economy, Planning and Finance or other relevant state bodies or declaring and publicizing such false documents will be penalized from 100,000 Kip to 500,000 Kip.

Article 65 Non-Supply of Documents

Insurance companies not supplying documents or forms as described in this law will be penalized 50,000 Kip to 100,000 Kip.

Article 66 Transgression of Company Statute and Financial Systems

All transgressions of company statutes and regulations on technical reserve funds, deposit of assets and solvability will be penalized 500,000 Kip to 2,00,000 Kip. In case of recidivism, business permit withdrawal will be considered.

Article 67 Transgression of Regulations Pertaining to Insurance Middlemen

Individuals transgressing the regulations provided under Article 25, 26 and 27 of this law will be penalized 20,000 Kip to 100,000 Kip.

Article 68 Transgression of Insurance Regulations Pertaining to Vehicles

Individuals or juridical entities transgressing the regulations mentioned under Article 59 of this law will be penalized 3,000 Kip to 30,000 Kip.

Part VI  
Final Provision

Article 69 Organization and Implementation

The Council of Ministers of the Lao People's Democratic Republic will issue provision on the implementation of this Law.