

# The Law on Property Insurance in Vietnam Now: Situation and Complete Solutions

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## Abstract:

Property insurance is a new service that has appeared in Vietnam recently but has become popular in social life. It contributes to sharing the financial burden for owners when their property is damaged as well as helping them feel secure in their work and production. This leads to the occurrence of many rights-infringing acts and the arising of many complicated disputes between the parties, as well as making the management agencies confused in the law enforcement process. The study has clarified the content of the regulatory law in this area, and at the same time pointed out the shortcomings that still exist to propose perfect solutions.

**Keywords** —Property insurance, insurance business, insurance buyers, insurance enterprises, insurance contracts.

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## I. INTRODUCTION

With the increasing socio-economic development, the assets of great value become more and more popular. The inevitable need of property owners is to have a method to protect their assets and be compensated, and quickly restore their financial status when it is lost, that's why property insurance (PI) was born. Article 7 of the Law on Insurance Business 2010 defined: "PI is an insurance product under which the insurer undertakes to indemnify the insured when a loss occurs to the insured property as agreed in the insurance contract, provided that the insurance buyer must pay the agreed-upon premium" [1]. PI is an effective method so that the policyholder can both safely produce and exploit economic benefits from his or her property, while the insurance enterprises (IEs) bear the whole or a part of it lose share of the financial burden when the risks occur to them.

PI appeared in Vietnam quite late, and the legal system on PI is still in the process of completion, so it is not possible to effectively regulate these relationships. Taking advantage of legal loopholes, some subjects have conducted insurance fraud, removed legitimate rights that the insured party should be entitled to, refused insurance compensation, delayed the performance of obligations insurance, etc., caused a lot of frustration, and seriously violated the law and social ethics. On the other hand, the laxity and incompleteness of the law, have led to the fact that the parties to the PI relationship, including state management agencies and jurisdictions, do not properly perceive and comply with the regulations of PI law. Incorrectly promulgating insurance rules and insurance contracts (ICs) leads to rights infringement and complicated disputes between the parties. Therefore, it is necessary to study the current state of the legal provisions on property

preservation to propose perfect solutions in the present.

## II. CURRENT LEGAL STATUS OF PROPERTY INSURANCE IN VIETNAM

PI is a risky business activity from the insurance buyers (IBs) to the insurance enterprises (IEs), helping participants feel secure in exploiting and using assets and ensuring financial benefits in the event of damage that reduces the value of their property. Laws governing this area include the following:

### A. *Conditions for property insurance business*

Property insurance enterprises and conditions for property insurance business

According to the provisions of Clause 5, Article 3 of the Law on Insurance Business, IEs are generally defined as: “an enterprise established, organized and operated by this Law and other relevant laws to the insurance business, reinsurance” [1]. Therefore, IEs in the property insurance business are enterprises established, organized, and operating under the provisions of the Enterprise Law, the Law on Insurance Business, and other relevant laws. From a legal perspective, to do business in PI, the IEs must be an organization with legal status and can operate when it meets the following conditions:

*Conditions of capital contribution.* IEs operate in the form of economic organizations, so the members contributing capital to the establishment are individuals and organizations with full behavioral and behavior legal capacity. For organizations that contribute 10% or more of charter capital, they must have profitable business activities for 03 consecutive years before the year of applying for an operation license.

*Organizational form.* Currently, in Vietnam, IEs operate under four forms: joint-stock companies, limited liability companies, cooperatives, and mutual insurance organizations. In fact, in the insurance market, joint-stock companies and limited liability companies are the most common types of businesses. In which, IEs operating in the form of limited liability companies must have at

least 02 founding shareholders who are organizations. In addition to capital contribution conditions, these organizations must meet the conditions specified in Articles 6, 7, and 8 of Decree 151/2018 / ND-CP amending and supplementing the Decree on investment conditions, doing business under the state management of the Ministry of Finance.

*Legal capital.* According to the provisions of Clause 1, Article 10 of Decree No. 73/2016 / ND-CP guiding the implementation of the Law on Insurance Business and the Law amending and supplementing several articles of the Law on Insurance Business, the legal capital is to: the non-life insurance business is 300 billion dong; non-life insurance and aviation insurance or satellite insurance is 350 billion dong; non-life insurance, aviation insurance, and satellite insurance are 400 billion dong. Therefore, as a type of non-life insurance, to do business in PI, the IEs must have a minimum charter capital of VND 350 billion [2].

*Qualification.* PI business is a special, risky business, so capital contributions must meet strict organizational, financial, and qualifications. In the PI legal relationship, IEs are not only subject to the general regulation of the Enterprise Law but also meet specific conditions to be licensed and operate PI business in Vietnam, under the direct management of the Ministry of Finance, this is the unique point that distinguishes IEs from other companies in the market.

### *Property insurance contract*

An insurance relationship is formed based on one party wishing to be insured and the other PI services, so the PI contract represents an agreement that the IBs must pay the premium and the IEs must pay indemnify the beneficiary or indemnify upon the occurrence of the insured event. However, to be legally recognized and legally binding between the parties involved, a PI contract must: i) Signed by a subject with full behavioral and legal capacity; these subjects must be completely voluntary, stemming from their own free will, and no one is allowed to threaten or influence in any way to force them to participate in the PI against their wishes; ii) The contents of the contract are not contrary to law

and social ethics. The insured property is not the property and goods banned from trading. The content of the contract also needs to be shown in detail, because if the content of the contract cannot be performed, contrary to the provisions of law, it is not considered legally valid and does not give rise to rights and obligations between the parties; iii) The form and contract of property insurance must be made in writing.

#### *Transfer of the property insurance contract*

The activity of insurance contract transfer is represented by an IEs transferring the entire insurance policy of one or several insurance operations to other IEs, in other words, the rights and obligations of the original IEs will be transferred entirely to the transferee in one or several insurance sectors. However, this activity is not freely carried out, but only transferred in the cases specified in Article 74 of the Law on Insurance Business, which are: i) The insurer is at risk of insolvency; ii) The IEs divide, separate, consolidate, mergers, and dissolves; iii) As agreed between IEs.

In the majority of cases where the transfer of PIs contracts is allowed, when these organizations are at risk of facing difficulties leading to a major change in organizational structure, and even the possibility of terminating their operations. At that time, it is difficult for IEs to continue to perform the signed insurance contract, if unilaterally terminating the contract, these organizations may face the possibility of indemnification for damages arising from the contract caused by their violations, significantly affecting the interests of IBs. Therefore, transferring the insurance contract is a measure to partly reduce the financial pressure of the companies in difficulty and improve the reputation of the transferee IEs, optimally protecting the interests of the participant.

The law on property insurance business recognizes the agreement of insurer business as one of the cases that give rise to the right to transfer the signed insurance contract, but it does not specify the conditions for applying the transfer agreement, types of insurance operations, and when are allowed to transfer, so some businesses inevitably

take advantage of the contract transfer to shake hands with each other, dominate the market, implementation of anti-competitive agreements causes adverse effects on the development of the insurance market [3].

#### **B. Law on property insurance objects**

##### *Types of insured property, insurable interests*

The property insurance relationship arises between the insurer and the insured based on the parties entering into an insurance contract with the subject matter being property. According to the provisions of Article 40 of the Law on Insurance Business: "The subject matter of a property insurance contract is property, including real things, money, papers valued in money and property rights". Types of assets that are safely protected are usually: houses, architectural links, works associated with land, machinery and equipment, goods, materials, etc. Corresponding to each type of property, IEs will provide IBs with different types of insurance, the common types of PI are plant and machinery insurance, production lines, cargo insurance, and insurance. construction works, crop insurance, livestock, etc.

To become the subject of insurance, these properties must meet certain conditions, in particular: *Firstly*, the property subject to insurance must be existing at the time of entering into the contract or have a foundation to be formed in the future (construction works). Based on the real assets, the new parties can determine the subject of insurance, the current condition, and the value of the property. From there, unify the insurance premium, and estimate the likely risks and the basis for establishing the level of compensation when the insured events occur, causing the property to decrease compared to its original value. *Second*, the IBs must have the right to the insured object. These benefits must be valued, and can be converted into money, based on the legal ownership and use rights of the IBs at the time of entering into the contract. *Third*, the insured event has not happened to the property at the time of signing or is happening without the parties knowing about it, and at the same time, the insurer must properly describe the property as the subject of insurance, ensuring

honesty, not to provide false information, not to deceive insurance business. Thus, to meet the need to overcome the risks of human assets, the insurance objects according to the provisions of Vietnamese law are very diverse, helping the PI system to develop more and more widely broader access to everyone, affirming an important position in the economy, contributing to social stability.

#### *Value of insured property*

In a PI contract, the value of the property is the basis for determining the value of each contract. For each type of property, depending on the nature, time, and purpose of use, the value of the insured property is determined in different ways, however, it must be calculated by the actual value of the property at the time of use the point of entering into an insurance contract, in which:

- For new property, the insured value is calculated by the new purchase value in the market plus the cost of transportation, installation, cost of renovation, and new construction of the property.

- For used assets, the insured value of the property can be determined by its original cost minus the value of depreciation during the use period to calculate the residual value as the basis for determining the value of insurance; or for assets of great value, of a complex nature, insurers business and IBs to determine the value of the property on their own or cannot agree on the value of the property, the insured value can be calculated based on the conclusions of the valuation council or an independent expert to assess the value of the property's value.

Determining the value of the insured property is a key basis to help determine the premium rate and insurance amount for that property to PI, insurer business accepts or renegotiates another reasonable amount to reach an agreement and sign a PI contract, which is a method to limit the arising of disputes between the parties involved [4].

#### *C. Legal provisions on risks covered in property insurance contracts*

##### *Insurance coverage*

In the PI relationship, to limit the losses for IBs while still ensuring the profit from the service provider's risky business, the participating entities

must always agree to set a limit on certain circumstances that may give rise to compensation liability [4]. With this scope, the property value will be protected when there is physical damage caused by the event recorded in the insurance contract. Insurance coverage is usually built based on insurance rules and contracts, set by the insurer business, by the legal provisions for each type of property. In addition, the insurer business can also agree with the IBs to set a limit of risks, types of losses, costs incurred and who will bear the burden if any damage occurs. In this general limit frame, even though the loss occurs to the insured property, the insured needs to meet all the eligibility conditions for the insurer's business to pay the indemnity according to the commitment.

##### *Insurance events*

From a legal perspective, an insured event is an objective event agreed upon by the parties or prescribed by law that, when such event occurs, the insurer must pay insurance premiums to the beneficiary or indemnify the insured dangerous. These events may be voluntarily agreed upon by the parties in the contract or prescribed by law, having a legal effect on the contracting parties. In PI, the insured events agreed by the parties are risks that can happen unexpectedly and directly harm the insured object. This is an agreement that has a direct impact on the interests of the participating subject, usually foreseen by the parties and expressed in the contract, thereby determining the basis of payment for losses that IBs are suffering [5].

However, not all agreed events are considered insurance events, but these risks must meet the following conditions: i) Events agreed and agreed by the parties, this is mandatory content in the insurance contract. In terms of form, the insurance contract must be made in writing, so these events will be recorded to identify the circumstances that give rise to the liability of the insurer. ii) The arising event is within the scope of insurance and not in the cases where the insurer's liability is excluded. iii) There is damage to the property. iv) There is a causal relationship between the damage and the risk; When the subject-matter insured has a

loss that is not due to the risks recognized in the contract, the insurer has the right to refuse to indemnify to ensure fairness for the parties to the PI relationship.

*Cases that exclude liability*

Liability exclusions are intended to narrow the insurance coverage and reduce the risk liability to protect the insurer from insolvency, create a balance between premium payment and indemnification, and optimally protect the interests of IBs. Exclusions are determined by the exclusions provided by law, insurance rules, and insurance contracts. These are cases in which even though an insured event occurs, the insurer does not have to compensate or pay the insurance premium, leading to the legal consequences of eliminating their liability to perform their obligations, an important obligation that directly affects the interests of the person who is suffering the loss even though IBs has paid the required premiums in full.

Article 16 of the Law on Insurance Business, only stipulates that the exclusion of insurance liability does not apply in the following cases: IBs intentionally violate the law by negligence; IBs have good cause for being late in notifying IEs of the occurrence of the insured event. However, the law does not specify specific cases where the exclusion of liability can be applied, so this provision will be developed by agreements between the IEs and the IBs based on laws, cultural traditions, and societal morality.

**D. Regulations on indemnification liability of insurance enterprises**

*Time of arising insurance liability*

For PI, the subjects establish rights and obligations based on the performance of the insurance contract, whereby the IBs are responsible for paying the insurance premium, on the contrary, the IEs are obliged to perform the indemnification liability when the property is insured against loss caused by the perils recognized in the contract. According to the provisions of Article 15 of the Law on Insurance Business, the time when the IEs' liability arises is determined in the following cases:

- The insurance contract has been concluded and the insurance premium has been fully paid by the IBs;

- An insurance contract has been entered into, including an agreement between IEs and IBs about the IBs' debt of insurance premiums;

- There is evidence that the insurance contract has been concluded and that the IBs have been fully paid.

In addition, according to Clause 1, Article 284 of the 2015 Civil Code on the conditional performance of obligations: "Where the parties have an agreement or the law provides for conditions for the performance of an obligation when conditions arise, the obligor must perform." PI is a type of financial service, so IEs only incur insurance liability when IBs fulfill the obligation to pay insurance premiums or IEs agree to let IBs owe insurance premiums, In other words, insurance liability is one of the cases where the obligation is conditional, only performed when: the insured event occurs and the IBs do not violate the obligation to pay the premium.

*Damage and loss assessment*

Loss assessment in insurance is an activity to determine the status quo, cause and extent of loss, and calculate the distribution of indemnities as a basis for the settlement of insurance claims [5]. The responsibility for carrying out the loss assessment first and foremost rests with the IEs or their authorized person to determine the cause and extent of the loss. According to the current law, IEs are not allowed to assess insurance losses for insurance policies when they are IBs or the insured, or the beneficiaries. In addition, the subjects conducting the assessment must be responsible for their assessment results, the damage assessment results are shown in detail in the assessment minutes. However, IEs are the ones who will make compensation based on the results of the loss assessment process, so, inevitably, these organizations will dishonestly declare losses to reduce insurance liability. Therefore, after the IEs assess, if the parties do not agree on the cause and extent of the loss, they can call for an independent assessor, unless otherwise agreed in the insurance contract. If an independent expert cannot be agreed

upon, one of the parties shall request the Court of the place where the loss occurred or the place of residence of the insured person to appoint an independent assessor. The conclusion of this assessor is binding on the parties, the loss certificate is the basis for determining the damage that occurs from which to apply the appropriate level of compensation. At present, the law only stipulates the right to request expertise, but the time limit for implementation has not been mentioned clearly. Specifically, according to Clauses 2 and 3, Article 26a of the Law on Judicial Assessment 2012, as amended in 2020, the time limit for judicial expertise in the civil field is determined as follows: *“The maximum time limit for judicial expertise for cases not specified in Clause 2 of this Article is 3 months. In case the assessment case is of a complicated nature or with a large workload, the maximum time limit for assessment is 04 months. Ministries and ministerial-level agencies that professionally manage the field of judicial expertise shall, based on the maximum duration of expertise and the professional nature of the expertise areas, stipulate the time limit for judicial expertise for each specific type of work. The term of judicial expertise may be extended according to the decision of the expertise soliciting agency, but shall not exceed one-half of the maximum period of expertise for that type of work.”* Thus, in case the Court solicits an assessment of the loss caused by an insurance event, it is possible to determine a specific time limit, but when IEs carry out this responsibility, there are no clear regulations, so there are many organizations take advantage of this to prolong the settlement time, avoid compensation liability while the victims are suffering difficulties, affecting production and business activities.

#### *Compensation conditions*

Compensation is an important activity in the property insurance relationship, to restore the condition of the property, overcome the losses suffered by the aggrieved person, and help them quickly overcome difficulties and stabilize their lives. Compensation in PI is conducted when the following conditions are met: *Firstly*, there is a property insurance contract and IBs have fulfilled

the obligation to pay the insurance premium. The contract is the legal basis for binding the relationship between the parties to the contract, so the IEs and the IBs both have rights and obligations based on the agreement of the signed PI contract. *Second*, there is an insured event that is covered by the coverage. Based on the insurance rules and insurance contracts, the IEs are only responsible for events occurring within the agreed scope, if the risk is in the case of exclusion of insurance liability, the IEs are not required to carry out compensation for losses that occurred [2]. *Third*, there is actual damage that occurs. The responsibility of IEs is to bear the risk on behalf of the person who suffers the loss, so if there is no loss, there is no affected interest for IEs to carry out their responsibilities. Only when the above conditions are met, the insured has the right to request IEs to make compensation for the loss that occurs.

#### *Compensation principles*

To restore part or all of the financial benefits to the insured person before the loss of property, the IEs' indemnification liability is based on the following principles: the level of compensation is determined based on the market price of the asset class at the time of occurrence of the risk and the actual extent of damage; the sum insured for loss caused by perils shall not exceed the sum insured.

In case the IBs buy insurance for the same subject, with the same insurance conditions and events in many IEs when a risk occurs, the IEs are only responsible for indemnification according to the ratio between the agreed insurance amount on the total sum insured of all the contracts they have entered into and ensure that the total compensation of the insurers does not exceed the actual damage to the property.

In addition to the general principles, depending on different assets and insurance operations, some other principles may arise to ensure legal and practical effectiveness. For compulsory fire and explosion insurance, the IEs also make compensation based on the principle of deducting up to 10% of the insurance indemnity in case the facility is at risk of fire or explosion, on time the recommendations in the minutes of safety

inspection on fire prevention and fighting made by the Fire Prevention and Fighting Police agency, leading to increased damage when fires and explosions; contemporaneous, the IEs are not responsible for indemnifying the insurance for the amount incurred or increased due to the insurance fraud act specified in the Penal Code.

*Compensation method and time limit*

Compensation is the stage performed in the process of performing the insurance liability of the IEs after verifying and assessing the loss and agreeing on a compensation plan. Compensation is usually made in the following forms: Repairing damaged property, replacing the damaged property with another, or paying compensation. In which the payment method of compensation is most commonly used, even if the IEs and the IBs cannot agree on the method of compensation, the compensation will be made in cash. In case the IEs fulfill its compensation liability by replacing the damaged property with another or making full compensation at the market price of the property, it has the right to recover the damaged property.

The time limit for the IEs to pay insurance or indemnify upon the occurrence of the insured event is determined according to the time limit agreed upon in the PI contract, if the parties do not agree, the IEs are responsible for paying the insurance or indemnifying within 15 days from the date of receipt of complete and valid documents and claim for insurance or indemnification.

**E. Basic rights and obligations of the parties in the property insurance relationship**

The PI transaction is performed based on the PI contract, this is a bilateral contract, so the rights of one party correspond to the obligations of the other party and vice versa, and the interests of the parties are always balanced to ensure objectivity and compliance with the law. Therefore, to enjoy legal rights, the subject must first ensure the full performance of their obligations by the contract and the law. Failure to perform obligations within the stipulated period may lead to undesirable legal consequences.

*Obligations of the insurance buyer*

*Firstly*, pay the insurance premium in full, on time and by the method agreed in the insurance contract. To be compensated in a PI relationship, the obligation to pay the premium is a prerequisite that IBs must ensure to perform, the amount of insurance paid is calculated on the proportion of premium paid by the participant to the service provider. Insurance is a financial service activity, so when taking part, the user is obliged to pay for the service to the IEs according to the provisions of Article 515 of the Civil Code, or looking at it from another perspective, this amount paid by IBs is the remuneration for IEs in the process of providing services when they ask another party to stand up to guarantee the value of their property.

*Secondly*, fully and honestly declare all details related to the insurance contract as required by IEs. This is the first and foremost obligation that IBs need to ensure in the process of performing PI transactions. The owner is the person who best understands the issues related to his property, the declaration of information is done through the insurance claim forms prepared by IEs. IEs rely on the data provided by customers to assess the likely risks and the degree of associated damage and make a decision to accept to provide insurance services to the insured this property or not and suggest a reasonable premium.

*Third*, notify the case that may increase the risk or generate insurance liability of the IEs in the course of contract performance at the request of the IBs. In the PI transaction, although IBs have bought insurance for their property, they are still the ones who directly manage and use the insured object. IEs only incur liability from the occurrence of the insured event, during the period from the conclusion of the insurance policy until the occurrence of the risk, they cannot know the activities leading to the risk, disappearance, or reduce the possibility of loss. Therefore, as direct managers and users, IBs are obliged to notify IEs of the possibilities that may increase risks or arise insurance liabilities during the contract performance as required of IEs.

*Fourth*, notify IEs of the occurrence of the insured event as agreed in the insurance policy.

During the management and use of the property, the insured event occurs directly causing losses to the insured, so they are the ones who know about the events. Timely notification of arising events plays an important role in the assessment of losses, control, and statistics of the damages occurring, as well as applying necessary preventive measures to limit and prevent such incidents and risks that may occur to the subject-matter insured. If IBs violate this obligation, it may be in the case of exclusion of insurance liability, even leading to consequences IE have the right to unilaterally suspend the performance of the contract, causing unexpected losses to the aggrieved person.

*Obligations of the insurer in the property insurance relationship*

- Explain to IBs about the terms and conditions of insurance, their rights, and obligations. Insurance contracts are often carefully prepared by IEs, drafted in advance for customers to see and sign, rather than terms that are discussed by the parties. Therefore, when participating in buying PI, IEs need to clearly explain the insurance terms, exclusions, etc. to IBs to hear and understand clearly so that they can determine if their interests when participating in insurance are guaranteed or not, to make the contract performance process more convenient, avoid unwanted disputes, and create opportunities for the parties to show goodwill to cooperate in establishing PI transactions.

- Issue insurance certificates and insurance contracts to IBs right after signing insurance contracts to ensure their benefits. These are evidence and important documents in expressing the basis for arising PI relations between the parties, determining the insured, responsibility, and carrying out the claim settlement procedures usually a loss to the beneficiary.

- Indemnify the insured when the insured event occurs. When the occurrence of risk has caused significant impacts on the legitimate interests of asset managers and owners, they expect IEs to perform their compensation obligations quickly so that they can promptly recover the losses that occurred. This is one of the most basic and important rights of IBs, and also an important

obligation of IEs. Indemnification obligations need to be seriously implemented by IEs, but they always find every reason to evade implementation even though there are sufficient grounds to determine the insurance liability of the enterprise.

- Explain in writing the reason for refusing to pay the insurance. In case of refusal to pay insurance, IEs must be responsible for a specific notice in writing to IBs explaining clearly the reasons and grounds for refusing compensation so that the person who is suffering the damage knows and has a plan to deal with it appropriate for ongoing. This is the basis for the parties to determine the responsibility of the IBs for the damage occurring even though they are participating in the PI relationship, which is the basis for the parties to choose the best solution.

In addition, to create a healthy competitive business environment, ensuring the balance of interests of the participants, IEs are also obliged to perform other responsibilities such as: compensate for damage arising to IBs due to IEs providing false information, the late performance of the obligation to pay compensation resulting in damage; request payment of the amount corresponding to the delay in performance of the obligation, coordinate with the IBs to settle the third party's claim for compensation for the damage covered by the insurance liability upon the occurrence of the insured event; to reduce the premium for the remaining period of the insurance contract, when there is a change in the factors underlying the calculation of the premium, leading to a reduction in the insured risks, the IBs have the right to request IEs, etc. prescribed in the Law on Insurance Business, Civil Code, and other relevant legal documents governing the business of property insurance in the market.

### **III. SOLUTIONS TO COMPLETE VIETNAM LAW ON PROPERTY INSURANCE**

*Firstly*, the content of insurance rules and insurance contracts must ensure objectivity and balance the interests of IBs and IEs.

Insurance rules and PI contracts are usually prepared by IEs (model contracts) without the



participation of customers to discuss and exchange opinions and are applied by these organizations to the insurance business they are doing. In Vietnam, not only PI, life insurance services, domestic electricity supply, domestic water supply, pay-TV, landline fixed telephone service, apartment purchase and sale, services Activities conducted by the management unit of the apartment complex, etc. are carried out according to the model contract registered at the Competition Administration Department. The PI contract is not a legal document issued by a state agency, but it contains mandatory contents and is also the basis for resolving arising disputes. Therefore, the fact that one party has these documents ready does not ensure objectivity and fairness, putting IBs in a passive position when concluding PI contracts. However, in another aspect, the number of participants buying insurance is very large, but each participant has different assets and needs, so IEs can hardly agree on the opinions of all for a complete overview of insurance rules and sample contracts for PI transactions.

Therefore, to ensure objectivity, fairness, and suitability with reality, the authors recommend the participation of the Vietnam Insurance Association and the state management agency in charge of the economy, market, and insurance organization to protect the interests of consumers in Vietnam in the process of developing the content of insurance rules and model contracts for PI operations.

*Second*, clearly define the cases of transfer of PI contracts. IEs are transferred, PI contracts in the cases specified in Article 74 of the Law on Insurance Business. In case the division, separation, consolidation, merger, or dissolution is governed by the Enterprise Law 2020, the transfer of PI contracts according to the agreement between IEs has not been regulated by law, causing many problems and inadequacies in the application of the law. In the writer's opinion, to improve the efficiency of PI activities in Vietnam, the law needs to provide provisions on the conditions for applying the transfer agreement (the company has a loss-making business, deploys too many types of insurance operations, the subject of insurance is too far from IEs or the assets are complicated, etc.), the

type of insurance business and the time when it is allowed to transfer to avoid situations where some organizations Taking advantage of this dangerous situation to associate with each other to dominate the market, implement anti-competitive agreements, causing bad impacts in the development of the insurance market.

*Third*, supplement the insurance liability of IEs when IBs do not pay enough insurance premiums. Normally, the time when IEs' liability arises is calculated from the time the PI contract is concluded and the IBs do not breach the obligation to pay the premium. Unless the parties have agreed that IBs fail to pay in full or fail to pay the insurance premium within the agreed time limit, which is one of the cases leading to the termination of the signed insurance contract. Contemporaneous, in Clause 2, Article 24 of the Law on Insurance Business about the legal consequences of the termination of the insurance contract: "*in the case of termination of the insurance contract as prescribed in Clause 2, Article 23 of this Law, the IBs must still be paid in full until the time of termination of the insurance contract.*" Based on the above provisions, it can be seen that when the PI contract is terminated for this reason, it has unbalanced the interests of the participating entities when the IBs have paid a part of the premiums for IEs within the contract period. The insurance contract has been signed and partially performed, so that one party has performed part of its obligations, and the insurance business entity is also responsible for performing several obligations after receiving benefits (right to receive premiums). This imbalance of legal rights and obligations is the cause of many disputes between IBs and IEs when customers do not pay enough insurance premiums but an insurance event occurs during the term of the contract [5]. Therefore, it is necessary to add a regulation that when IBs do not pay the full premium, they will still be compensated according to the ratio of the premium and the level of damage compensation if they fully fulfill their payment obligations under the contract.

*Fourth*, finalize regulations on compensation settlement in PI. Currently, the legal system on PI

does not stipulate the time limit for compensation replies and claims, which prolongs the processing time and compensates the insured for loss. In addition, to determine actual losses, damage assessment is one of the key activities that must be performed at the stage of compensation settlement. First of all, the responsibility for damage assessment will be carried out by the SOE, however, the regulation on the time limit for damage assessment, in this case, is not mentioned, hindering the right of the aggrieved person to claim inspection request. The longer the inspection is carried out, the more likely it is that it leads to the risk of consequences beyond human control, causing difficulties in IEs' production and business activities. On that basis, the gaps in the time limit for compensation reply, the composition of the compensation dossier, and the time limit for damage assessment need to be filled in by the provisions of law to complete the compensation settlement mechanisms in PI.

*Fifth* is the responsibility of IBs. These are the weak subjects in the legal relationship on property insurance, so it is very necessary to develop solutions to protect the interests of this group of subjects in the process of perfecting the law. IBs need to carefully study the legal provisions on PI before signing an insurance contract and promptly reflect IEs' violations of the law. This is also one of the ways policyholders protect themselves and the interests of the community. The denunciation of IEs' misconduct helps the insurance regulatory agencies to detect violations early, apply appropriate prevention and handling measures, and minimize possible adverse impacts in the future, saving costs and creating financial security for the community participating in PI.

*Sixth*, the responsibility of state agencies. Competent state agencies need to strengthen inspection and examination activities of IEs' PI business. This is a complex field with a variety of asset types and component insurance operations, so the inspection and examination activities need the coordination of many relevant Departments, Boards, and branches in finance, marketing, and finance and require high professional qualifications of the staff

assigned to perform the task. To achieve high efficiency, before inspection and supervision, it is necessary to develop specific evaluation criteria and clear procedures for investigating, verifying, and strictly handling violations concluding, performing, transferring PI contracts, etc., to avoid negligence in the management stage, leading to the omission of criminals and harming the interests of other entities. In addition, the number of people participating in PI is increasing, so the requirements for legal knowledge, professional and professional capacity and professional skills of the staff are assigned related tasks the higher the PI. It is necessary to regularly organize training courses to improve professional knowledge and legal knowledge on property insurance; promptly summarize problems, offer solutions arising in the practical process of applying the law to settle disputes, etc.

#### **IV. CONCLUSIONS**

with the nature of replacing the aggrieved person to shoulder all or part of the loss, the law has set strict requirements on financial capacity and professional qualifications when establishing and operating an organization PI business in Vietnam. in this relationship, ies and ibs are the two main objects that PI law affects. however, based on assessing the current status of the law on PI, has reflected several outstanding limitations that need to be overcome in the process of law enforcement, especially in perfecting the development of insurance rules, insurance contracts, and perfecting regulations on the settlement of compensation in PI. to avoid taking advantage of legal loopholes for illegal profiteering, the authors have pointed out inadequacies and proposed several solutions to improve the provisions of the law to limit the situation of profiteering and fraud unbalances the rights and obligations of the parties in the property insurance relationship, creating sustainable values in the national socio-economic development.

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research.

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