

Recent Legal Developments in Vietnam

Effectiveness of New Laws Regulating Insurance Business

On 1 November 2019, **Law 42/2019/QH14**, which amends certain provisions of the existing Law on Insurance Business, will come into effect.

The Law on Insurance Business primarily governs insurers and insurance agents/brokers. Notably, recent amendments provide for the governance of auxiliary insurance services (insurance consultancy, claims settlement, actuarial services, etc.). Such services had previously been unregulated in Vietnam.

Under despite the new law, providers remain subject to relatively general requirements, as no specific licensing processes have been prescribed. However, it is anticipated that further specification will be provided in subsequent government guidance and decrees.

New Region-Based Minimum Wages

On 15 November 2019, the Government issued **Decree 90/2019/ND-CP** setting forth new region-based minimum wages that will apply from 1 January 2020 onwards:

- (i) For enterprises located in Region I: VND 4,420,000 (*currently VND 4,180,000*)
- (ii) For enterprises located in Region II: VND 3,920,000 (*currently VND 3,710,000*)
- (iii) For enterprises located in Region III: VND 3,430,000 (*currently VND 3,250,000*)
- (iv) For enterprises located in Region IV: VND 3,07,000 (*currently VND 2,920,000*)

New Decree Regulating Legal Capital of Credit Institutions

On 14 November 2019, the Vietnamese Government issued **Decree No. 86/2019/ND-CP**, regulating the legal capital of credit institutions. This Decree will come into effect from 15 January 2020. The decree sets forth the following minimum legal capital requirements for credit institutions as follows:

- (i) Commercial banks: VND 3,000,000,000,000
- (ii) Branches of foreign banks: USD 15,000,000
- (iii) Financial companies: VND 500,000,000,000
- (iv) Financial leasing companies: VND 150,000,000,000
- (v) Policy banks: VND 5,000,000,000,000
- (vi) Co-operative banks: VND 3,000,000,000,000
- (vii) Microfinance institutions: VND 5,000,000,000
- (viii) People's credit funds operating in a single ward: VND 500,000,000
- (ix) People's credit funds operating across multiple wards: VND 1,000,000,000

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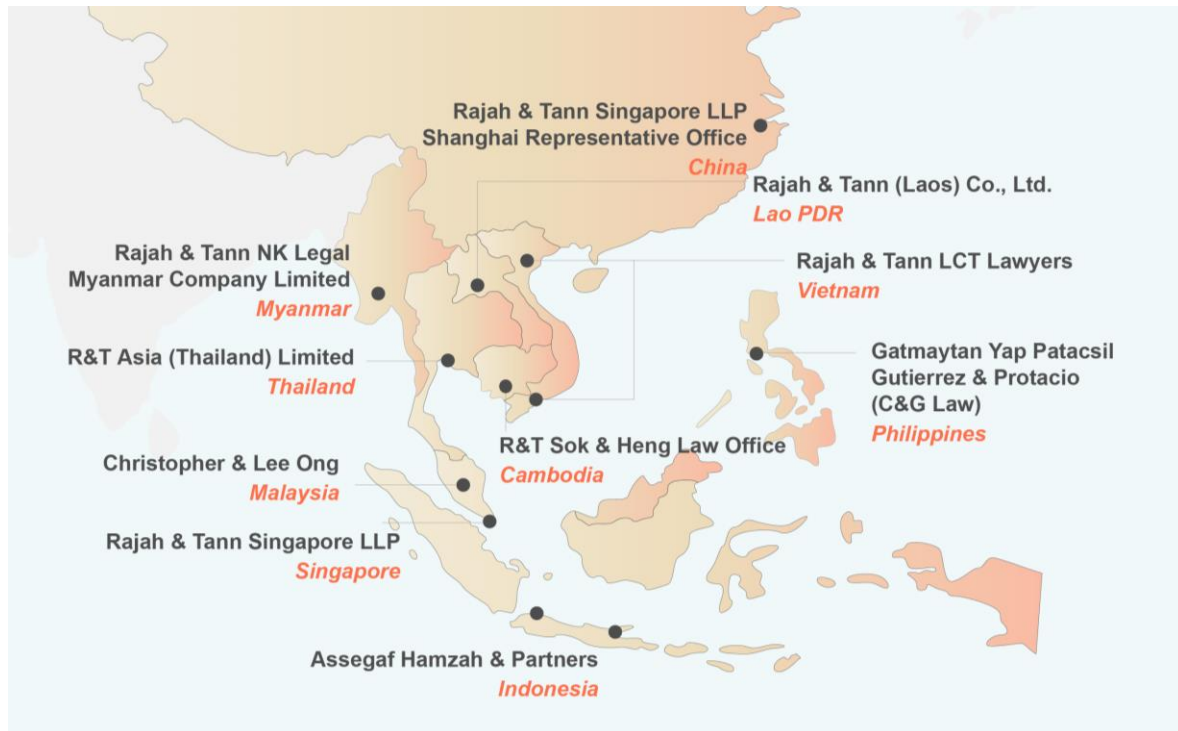
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