

Insurance and reinsurance in Laos: overview

by Dino Santaniello and Saithong Rattana, *Tilleke & Gibbins*

Country Q&A | Law stated as at 01-Feb-2020 | Lao People's Democratic Republic

A Q&A guide to insurance and reinsurance in Laos.

The Q&A gives a high level overview of the market trends and regulatory framework in the insurance and reinsurance market; the definitions for a contract of insurance and a contract of reinsurance; the regulation of insurance and reinsurance contracts; the forms of corporate organisation an insurer can take; and the regulation of insurers and reinsurers, including regulation of the transfer of risk. It also covers: operating restrictions for insurance and reinsurance entities; reinsurance monitoring and disclosure requirements; content requirements for policies and implied terms; insurance and reinsurance claims; remedies; insolvency of insurance and reinsurance providers; taxation; dispute resolution; and proposals for reform. Finally, it provides websites and brief details for the main insurance/reinsurance trade organisations in Laos.

To compare answers across multiple jurisdictions visit the *Insurance and reinsurance Country Q&A tool*.

This Q&A is part of the global guide to insurance and reinsurance. For a full list of jurisdictional Q&As visit global.practicallaw.com/insurance-guide.

Market trends and regulatory framework

1. What were the main trends in the insurance and reinsurance markets over the last 12 months?

Insurance

The 2011 Law introduced a complete overhaul of the system; the previous regulations dated back to 1990. The more recent Operating Licence Instructions aim to provide more clarity on the requirements, conditions and the necessary steps needed to set up a company involved in the insurance sector. In particular, they relate to insurance companies with local shareholders, or insurance companies held (in whole or in part) by foreign investors. They also detail the requirements for independent insurance agents and the mandatory conditions they must meet before they can be issued a business licence.

In September 2016, a note from the Ministry of Industry and Commerce (the business registration authority in Laos) mentioned that there were 12 licensed insurance companies in Laos, along with five additional companies that were not yet operating, and another four companies that were undergoing the business registration process. As of August 2017, 24 insurance companies were registered with the Ministry.

Recently, foreign companies have made significant moves to invest in the Lao market, including, for example:

- Navakij Insurance Plc (NKI), which invested in two joint ventures in Laos involving life insurance as well as non-life insurance.
- Hannover Rueck SE, through its Malaysian branch, which signed a partnership agreement with Phongsavanh Insurance (APA), involving both life and non-life insurance.

Reinsurance

See above, [Insurance](#).

The reinsurance business continues to play an important and extensive role in the socio-economic development of Laos. It provides reinsurance coverage for the development of important projects, including hydropower plants and solar energy projects, as part of Laos' aim to become the battery of Southeast Asia, and to upgrade the country from the list of least developed nations by 2020, as set out in the Millennium Development Goals.

2. What is the regulatory framework for insurance/reinsurance activities?

Regulatory framework

The last 12 months have seen the development of new regulations to better regulate the insurance industry, for which the regulatory framework in Laos was previously somewhat underdeveloped.

Businesses operating life and non-life insurance activities are governed by the same law, regardless of whether the legal entity is operated by a foreign business investor or a local investor. The main pieces of regulation are as follows:

- Law on Insurance No 06/NA, dated 21 December 2011 (Insurance Law).
- Instructions on the Implementation of the Law on Insurance No 539/MoF, dated 19 February 2014 (Instructions).
- Instructions on the Issuance of Insurance Operating Licences No 770/MoF, dated 21 March 2016 (Operating Licence Instructions).

Laos aims to have a legal framework that complies with the Insurance Core Principals (ICPs) developed by the International Association of Insurance Suppliers. However, according to a note from the local authorities in September 2016, there are insufficient staff and resources to fulfil their current duties and all 28 ICPs. Instead, local authorities have set an objective to implement six of the 28 ICPs within three years. To achieve these goals, the Ministry of Finance has set up an insurance regulator unit to supervise and be responsible for regulating the insurance sector to bring Laos in line with the required international standards. With a view to attaining this objective, in October 2018, three new Decisions were issued by the Ministry of Finance, which is the authority in

charge of supervising the insurance sector, which brought changes to the insurance regulatory framework. The Lao insurance sector is still developing, and the objective remains to have a regulatory framework that complies with the Insurance Core Principals (ICPs) developed by the International Association of Insurance Suppliers. The issuance of these three new regulations aims to fill the gap, and bring Laos another step closer to international standards, and to further enhance transparency in terms of the functioning of insurance companies.

These Decisions (*see below*) touch on the internal governance structure of insurance companies, the maintenance of insurance companies' reserves and their solvency, and set out reporting duties that insurance companies must observe:

- Decision on Insurance Business Operation and Governance, No. 3058/MOF (Decision on Insurance Business Operation and Supervision).
- Decision on Insurance Reserve Maintenance and Solvability Supervision No. 3059/MOF (Decision on Insurance Reserve and Solvability).
- Decision on Reporting of Insurance Companies and Insurance Brokers No. 3060/MOF (Decision on Reporting).

Other than these, there are regulations that set out rules which must be followed by every type of company, including:

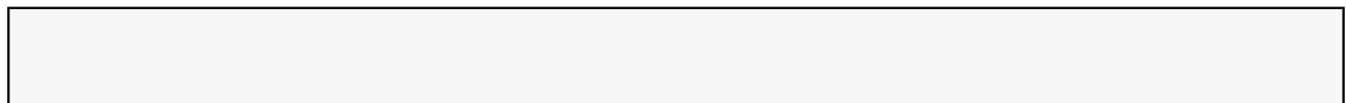
- Law on Enterprise No. 46/NA, dated 26 December 2013 (Enterprise Law).
- Law on Investment Promotion No. 14/NA, dated 17 November 2016 (Investment Promotion Law).
- Law on Contract and Tort No. 01/NA, dated 8 December 2008. This sets out the elements that must appear in every contract that is entered into and performed in Laos.

Regulatory bodies

Insurance activities in Laos are governed by the Ministry of Finance and its insurance regulator unit, which is the Department of Government Investment Enterprise and Insurance Management Authority. The Ministry of Finance takes an active part in the insurance-related business registration process, overseeing the issue of operating licences for each entity which is contemplating conducting any insurance related-business in Laos.

In addition, the control of the Ministry of Finance on insurance operation activities has been strengthened with the publication of the three decisions as mentioned above. As explained below, the Ministry of Finance will be directly involved in the appointment of key bodies and persons of insurance companies.

Regulation of insurance and reinsurance contracts



3. What is a contract of insurance for the purposes of the law and regulation? How does it differ from a contract of reinsurance?

The definition of an insurance contract is found in the Insurance Law. An insurance contract is an agreement that is reached between the insurance purchaser and the insurer, under which the insurance purchaser must pay a premium and the insurer must pay insurance money to the insurance purchaser (or provide a specific service as otherwise agreed) on the occurrence of the insured event, as specified in the contract. An insurance contract (for both life and non-life insurance) must be made with an insurer that is locally registered and operating in Laos.

The Insurance Law defines reinsurance as a way for insurers to reduce their risks relating to an insured property. An insurer can reinsure with other insurers, either domestic or overseas. However, there is no specific definition of a reinsurance contract. The Insurance Law sets out further requirements for reinsurance businesses to abide by, including that:

- The reinsurance must be technically feasible, and fit the business activity of the authorised reinsurer.
- The reinsurer must have a certain reputation in the Lao, regional and international market.
- There is a certain degree of financial soundness and expertise in the company.

Insurers must provide information on reinsurance contracts to the Ministry of Finance. Under the Insurance Law, the Ministry has the discretion to examine and approve or reject the reinsurance project, if the reinsurer does not fulfil the above requirements.

4. Are all contracts of insurance/reinsurance regulated?

The Insurance Law regulates life insurance as well as non-life insurance. In 2015, the Ministry of Finance established an insurance regulator called the Department of Government Investment Enterprise and Insurance Management, which is responsible for monitoring and implementing the regulations for the whole insurance sector.

The Insurance Law provides a non-exhaustive list of types of insurance. For life insurance, the law expressly provides that the following are all considered life insurance:

- Whole life insurance.
- Endowment insurance.
- Combined life insurance.
- Periodical payments insurance.
- Term life insurance.

However, the same Insurance Law also provides that additional categories of life insurance can be determined with approval from the Ministry of Finance, if necessary. The list above is therefore not exhaustive.

Non-life insurance is defined as general insurance, and is categorised as two types of general insurance:

- **Compulsory.** Compulsory insurance applies to individuals and legal entities that carry out temporary or permanent business activities in Laos, including in relation to any the following:
 - motor vehicles;
 - hotels, guesthouses, entertainment places, restaurants,
 - markets;
 - construction sites;
 - warehouses, chemical warehouses, fuel warehouses, explosive substance warehouses;
 - factories;
 - land;
 - navigation and air transportation of goods and passengers; and
 - fire and places for producing and storing explosive substances.

The law also provides that a separate regulation will be issued to provide further details about these types of compulsory insurance. However, to date, no such regulations have yet been published.

- **Non-compulsory insurance.** Non-compulsory insurance is an insurance where the purchaser of the insurance can select the category, scope or the sum insured by the insurer. This includes the following:
 - accident insurance and treatment of injured people from an accident;
 - health insurance;
 - property insurance;
 - goods and transit of goods by land, water and rail, and air transport insurance;
 - aviation insurance;
 - transport running with engines insurance;
 - fire and explosive object manufacturing site insurance;
 - state asset insurance;
 - financial and credit risk insurance;
 - business risk insurance;
 - agriculture and forestry insurance; and
 - accident and disaster insurance.

This list is non-exhaustive, as additional categories can be decided by the Ministry of Finance.

The regulation is silent on takaful as a method for providing insurance/reinsurance.

Corporate structure

5. What form of corporate organisation can insurers take?

The Insurance Law does not set out any restrictions with regard to corporate organisation. The Insurance Law directly refers to the Enterprise Law and the Investment Promotion Law with regard to the choice of investment and the legal structures available for insurance activities. The Law on Investment Promotion lists different types of investments that can be used to establish an insurance company, such as:

- A wholly domestic or foreign-owned company.
- A joint venture between domestic and foreign investors.
- A joint venture between state-owned enterprises and the private sector.

The Enterprise Law lists the different types of legal structures that are available in Laos. An insurance company can take the form of a:

- Partnership.
- Limited company (either a sole limited company, or one with several shareholders).
- Public company.
- State-owned company.

The registration authority is the Ministry of Planning and Investment, which considers all business registration applications, regardless of their legal structure. When the dossier is eventually approved by the Ministry of Planning and Investment, the applicant will seek an operating licence from the Ministry of Finance before starting its operations.

The most favoured legal structure is a limited company. This is especially the case for foreign investment, and not only for insurance companies. A limited company provides legal certainties, as the legal framework regarding this type of business vehicle, and this type of business, is well framed under local laws. Provisions regarding this type of legal entity are numerous under the Law on Enterprises, which provides rules on company registration, along with their corporate governance. To the extent of the authors' knowledge, few partnerships have been established to operate in the insurance sector.

Regulation of insurers and reinsurers

6. Are all insurers and reinsurers regulated? Are they all regulated in the same way?

All insurers and reinsurers are regulated by the Insurance Law and its related regulations. They are regulated in the same way, except for the liability of insurers and reinsurers. The Insurance Law provides specific provisions on the liability of reinsurance businesses. Under it, an insurer is responsible to the insurance purchaser, in accordance with the insurance contract, including reinsurance of property. Likewise, a reinsurer cannot require the insurance purchaser to pay insurance premiums to it directly, except where the insurance contract states otherwise. An insurance purchaser cannot require the reinsurer to pay compensation, except where the insurance contract expressly states otherwise, in accordance with the Insurance Law.

The local laws do not distinguish between entities that are set up in Laos or abroad, and regulate them in the same way.

7. Can insurers and reinsurers carry on non-insurance business? Are there any restrictions on their business activities?

Under local laws and regulations, there is no prohibition that restricts insurers or reinsurers from only carrying out insurance activities. An Enterprise Registration Certificate (ERC) issued by the registration authority indicates which activities the company is approved to operate in Laos. An insurance company can therefore ask for authorisation to carry out other activities, unless these other activities require a dedicated legal entity to be established for this purpose (for example, this is the case for some banking services). Insurance companies can also invest (although restrictively) in some other types of businesses (*see Question 11*).

The local authorities issued the Decree on Controlled and Concession Activities No. 3/PMO on 10 January 2019, which provides the list of activities that may require further requirements, before obtaining the right to operate in Laos, given the nature of their activity. Accordingly, insurance activity is deemed as a controlled activity. The ERC also stated that insurance companies must apply for a business operating licence to the Ministry of Finance. A life insurance company will not be able to carry out general insurance business without prior approval to do so.

8. Are there any statutory limits or other restrictions on, or requirements relating to, the transfer of risk by insurance or reinsurance companies?

Transfer of business

A primary insurer cannot cover a risk of more than LAK1.6 billion. Beyond this threshold, an excess insurer will be liable for the excess insurance.

For a reinsurance contract, the insurer must provide information relating to the reinsurer to the Ministry of Finance, which may approve or reject it, if certain requirements are not met (see [Question 3](#)). Other provisions between the insurer and the reinsurer will be set out in the agreement between them.

Operating restrictions

Authorisation or licensing

9. Does the entity or person have to be authorised or licensed?

Insurance and reinsurance providers

The rules to be authorised to operate an insurance activity in Laos are the same for domestic and foreign investors. These requirements are also the same to the share ratio that can be held in the legal entity by a domestic or foreign individual/legal entity. 100% foreign-owned entities are also permissible. The Insurance Law states that any type of insurance contract entered into between an insured in Laos and an insurance company, must be made with a locally registered insurer. The insurance operator must have a licence for each type of insurance it contemplates carrying out in Laos.

The Insurance Law includes the following activities as insurance business activities:

- Insurance and re-insurance business.
- Risk management, prevention and limitation of loss.
- Loss assessment agency, agency for consideration and resolution of indemnity and an agency for third party recovery claims.
- Management of funds and investments.

An operator must seek approval for a business licence for each type of insurance it aims to conduct in Laos.

Since insurance activities are deemed to be controlled activities, the Ministry of Planning and Investment is in charge of receiving the application for registration. The Operating License Instructions provide that an application should be submitted to the Insurance Management Department of the Ministry of Finance. However, the Operating License Instructions were issued after the Decree on Controlled Activities and other regulations, which have reformed the business registration procedure in Laos. Accordingly, the Ministry of Planning and Investment is now acting as a one-stop service, and it should be the main ministry for applicants to contact. The Ministry of Planning and Investment will liaise directly with the Insurance Management Department of the Ministry of Finance to seek its opinion and approval for the Business Operating License.

The Law on Investment Promotion provides a timeframe of 25 working days for the registration/incorporation of controlled activities. However, please be informed that in practice, this timeframe may differ. The Operating License Instructions provide that the Insurance Management Department will take 15 working days to consider the application for the Business Operating License. If approved, a temporary permit for one year will be delivered. This one-year period will assist the Ministry of Planning and Investment to determine whether the rules/requirements relating to insurance business entities have been observed by the new legal entity.

The necessary requirements for carrying out insurance activities are set out below:

- The enterprise must have an investment licence from the Ministry of Planning and Investment.
- The founder must:
 - have a good business history;
 - not have a criminal record;
 - never have filed for bankruptcy;
 - never have been blacklisted by the government or any regulatory agency;
 - not be a terrorist, and be free from association with criminal activity (in Laos and abroad);
- The enterprise must have a minimum registered capital of LAK16 billion throughout the business period.
- The enterprise must deposit cash in the amount of one-third of the registered capital in a blocked bank account opened with a commercial bank operating in Laos, and notify the Ministry of Finance about this deposit. The following deposit conditions must be met:
 - the opening, withdrawal or closure of the deposit account must be jointly signed between the insurance company and the Insurance Management Department;
 - the commercial bank must be informed that the authority from the Insurance Management Department is authorised to monitor the total balance in the bank account; and
 - the withdrawal of the deposit proceeds must be approved by the Ministry of Finance.
- The enterprise must have staff or personnel that have knowledge, competence, expertise and certificates in the respective insurance fields.
- The enterprise must have a clear business operation plan for the short, medium and long term.

- The enterprise must not have had a licence to operate a life insurance business revoked in the past five years.
- Foreign investors must:
 - have insurance experience of at least five years;
 - have a licence for the establishment of a representative office of a foreign insurance company; and
 - have a permit to establish and operate an insurance business from the country of origin of the investor.

The licence is valid for one year (from 1 January to 31 December) and the enterprise must renew and pay the renewal fee within the first three months of the following year (by 30 March of every year).

The fee to be disbursed at the time of the issuance of the certificate is LAK1 million, plus the application form fee of LAK50,000.

The renewal fee is LAK2 million, and an application form fee of LAK50,000 is also payable.

This list can be amended from time to time by the regulator in future regulations.

Insurance and reinsurance intermediaries

The Insurance Law has a chapter dedicated to insurance brokers, under which an insurance broker must follow the same registration process as an insurance company. This registration process includes:

- Submitting its registration application to the one-stop service of the Ministry of Planning and Investment.
- Seeking relevant authorisation from the Ministry of Finance.

The requirements for insurance brokers include the following:

- Having staff or personnel that have knowledge, competence, expertise and certificates in the respective insurance fields.
- Having registered capital of at least LAK50 million.
- Having cash collateral equivalent to one-third of the registered capital.
- Having an insurance brokerage contract with an insurance company.
- Not having had an insurance brokerage licence revoked in the five years before the application.

The licence will be valid for one year, from 1 January to 31 December, and the enterprise must renew and pay the renewal fee within the first three months of the following year (within 30 March of every year).

The fee to be disbursed at the time of the issuance of the certificate is LAK2 million, and an application form fee of LAK30,000 is also payable.

With regard to the fees for the renewal, it amounts to LAK5 million, plus the application form fee of LAK10,000.

Other providers of insurance/reinsurance-related activities

The Insurance Law has a chapter on insurance agents. An insurance agent is a legal entity or an individual which is duly authorised by an insurer (based on a contract between the insurance agency and the insurer) to conduct insurance agency activities for the insurer. The insurance company must submit the list of its insurance agents to the Ministry of Finance. Insurance companies must seek authorisation from the Ministry of Finance in order to be able to set up agencies across Laos. Each agency must obtain approval from the Ministry of Finance and the Ministry of Industry and Commerce, in order to conduct its activities.

Requirements

- Having staff that graduated with an insurance education background and obtained a certificate in the insurance field.
- Having registered capital of not less than LAK50 million.
- Having an insurance agent contract with only the insurance company that they are representing.
- Not having had an insurance brokerage licence revoked in the five years prior to the application.

The licence will be valid for one year, from 1 January to 31 December, and the enterprise must renew and pay the renewal fee within the first three months of the following year (within 30 March of every year).

The fee that is payable when the certificate is issued is LAK1 million, and there is an application form fee of LAK10,000.

The renewal fee amounts to LAK1 million, and an application form fee of LAK10,000 is also payable.

10. What are the main exemptions or exclusions from authorisation or licensing?

Insurance and reinsurance providers

The law and the relevant regulations do not provide any particular exemptions or exclusions from authorisation or licensing. Applicants will be refused or denied, if the applicant cannot meet the requirements (*see Question 9*).

Insurance and reinsurance intermediaries

See above, *Insurance and reinsurance providers*.

Other providers of insurance/reinsurance-related activities

Since the Decision on Insurance Business Operation and Governance, resignations of board members must be reported to the Ministry of Finance that will ensure that a new member has been properly appointed. The Decision on Insurance Business Operation and Governance remains silent with regard to whether the appointment of the board,

for the first time, is subject to this notification process, and whether the departure of one of the board members for a reason (other than resignation) must also be notified.

The appointment of the director general must be approved by the Ministry of Finance. This demonstrates the further involvement of the Ministry with the insurance industry. Coincidentally, similar involvement of the relevant authorities in charge has also been observed in other sectors (such as the banking sector).

Restrictions on ownership or control

11. Are there any restrictions on the ownership or control of insurance-related entities?

Insurance and reinsurance providers

The Insurance Law and its related Instructions do not provide restrictions with respect to nationality, and both the Insurance Law and its Instructions provide the possibility for a foreign investor to wholly own an insurance business entity. However, the Insurance Law sets out a prohibition on local officers from insurance regulatory bodies being part of an insurance business activity, in order to avoid conflicts of interest.

In addition, under the Instructions, insurance companies are restricted from investing more than a certain percentage, which can vary depending on the total income generated by the company during the year. The following investments can be restricted:

- Purchasing shares in companies.
- Investing in real estate.
- Purchasing bonds issued by companies.

Insurance/reinsurance intermediaries

There are no specific restrictions on insurance brokers.

Other providers of insurance/reinsurance-related activities

There are no specific restrictions on an insurance agency acting as a legal entity, and no local compliance for a local/foreigner share ratio equity is indicated in the Insurance Law.

12. Must owners or controllers notify the relevant authorities, or obtain approval, before taking, increasing or reducing their control or ownership of the entity?

There is no particular threshold that triggers an obligation for a notification to be provided to the relevant authorities. However, by law, the insurer must notify and obtain consent from the Investment Promotion and Management Committee for any changes in respect of its shareholding structure.

Ongoing requirements for the authorised or licensed entity

13. What are the key ongoing requirements with which the authorised or licensed entity must comply?

Insurance/ reinsurance providers

The key ongoing requirements an authorised or licensed entity must comply with include the:

- **Registered capital.** The Insurance Law expressly provides the need for registered capital of at least LAK16 billion, of which 80% must be introduced within 90 days of the date of the registration of the business. The remaining capital can be introduced within a year after the incorporation date.
- **Insurance reserve.** The Instructions set out an obligation on insurance companies to set up a reserve, representing at least 40% of the premium it receives monthly for each insurance product. Contracts for less than 31 days are not taken into account when calculating the 40%. This reserve must be adjusted monthly. The insurance reserve is the amount of money that an insurer must put aside to pay potential insurance liabilities determined in advance and arising from insurance contracts. Reserves must be established for each type of insurance product.
- **Security deposit.** The Insurance Law sets out the obligation for an insurance business operator to have a security deposit totalling one-third of the registered capital for each type of insurance. The deposit must be remitted to the Bank of Laos, or a commercial bank, whose name and bank account details must be disclosed to the Insurance Management Authority, in a blocked bank account, which will be used to pay the debts of the insurance company when it terminates its operation, such as for example, where an insurer voluntarily terminates its activity, or where an insurance company enters bankruptcy.

With regard to internal governance, the Decision on Insurance Business Operations and Supervision sets out a number of rules

Board of directors. Insurance companies must have a board of directors of five to seven members (two of whom must be independent members). "Independent member" is not clearly defined under the Decision. According to the Decision, an independent member is a member who is not part of the Director Council, which is also not defined. However, in other regulations that focus on bank governance, a Director Council comprises a Director General and

a Deputy Director General. An independent member is usually defined as someone who is not an employee of the company and who has no family relations or particular ties to the shareholders of the company or the executives of the company. Clarifications will be required from the authorities. The term for each member is three years (which can be extended). Once the term ends, a notification must be sent to the Ministry of Finance within ten days, and a new member must be appointed within 40 days from the date on which the term of the board member ends. The Decision indicates that supervision will be provided by the Ministry of Finance to ensure a new member is properly appointed. However, the sanctions imposed for non-compliance are not clear, as the Decision only provides for fines, and only stipulates that other sanctions will be further detailed in a separate regulation.

Insurance companies have a timeframe of three years, from the date of the Decision coming into effect, to comply with these board of directors' measures.

Committees of the board of directors. The board of directors must also be assisted by two committees:

- A Committee of Internal Audit, which participates in reporting duties, and ensures that internal and external audits of the company are correctly carried out and that recommendations from the internal controller and external auditors are implemented.
- A Committee of Risk Management, which develops risks management principles, and ensures that these principles and related rules are implemented. This Committee also implements an independent risk management plan, studies the investments of the company, and assesses the risks of the company in respect to the provision of insurance services. The Committee also ensures that there are sufficient human resources and staff to carry out risk assessments and independent reporting.

According to the Decision, additional committees can also be set up. However, the Decision does not prescribe the number of members required for such committees, or the term of their tenure.

Director General. The Decision seems to be more ambitious than simply the appointment of a director general, and in fact, it provides that a Director Council must be instituted within the company. Since the issuance of new regulations in June 2019, such body is also mandatory for commercial banks, and comprises the Director General, and the Deputy Director General. However, the Decision only details the appointment of the Director General, and omits the provision of details on the nature of the Council Director, their duties, or how they will be appointed. The Decision only refers to the appointment of the Director General and, accordingly, insurance companies must appoint a Director General, who is appointed by the Board of Directors, and the appointment must be approved by the Ministry of Finance. The Ministry of Finance will approve or reject the dossier within ten days.

The Decision also provides that insurance companies should implement the provisions related to the Director General within six months from the date on which the Decision came into effect. Therefore, insurance companies should have already implemented those changes.

- The Decision on Insurance Reserve and Solvability also provides a number of requirements in regard to insurance reserve. A non-life insurance company must maintain minimum surplus assets (that is, the legal assets minus the legal liabilities) of LAK16 billion and 20% of the gross net premium, while:
 - a life insurance company must maintain minimum surplus assets of LAK 16 billion, and the sum of 5% of the legal liabilities and 0.3% of the sum at risk; and

- a consolidated insurance company (that is, one selling both life and non-life insurance) must maintain minimum surplus assets of LAK32 billion, and 20% of the gross net premium for a non-life insurance, 5% of the legal liabilities and 0.3% of the sum at risk for life insurance.

Statutory assets are the total of the adjusted value of the assets in an insurance company. The assets are equal to the aggregate value of each asset item, multiplied by the admissible percentage (as defined in a separate document regarding solvency tests).

Statutory liabilities are the total of the adjusted value of the liabilities in an insurance company and are the aggregate value of each liability, multiplied by the weighting percentage (as defined in a separate document relating to solvency tests).

Insurance/ reinsurance intermediaries

Insurance brokers must abide by the following key requirements, set out in the Operating Licence Instructions:

- **Registered capital.** The minimum registered capital must not be less than LAK50 million.
- **Security deposit.** Similar to insurance/reinsurance providers, insurance brokers must have security totalling one-third of the registered capital for each type of insurance.

Other providers of insurance/reinsurance-related activities

An insurance agent must abide by the following key requirements, which are set out in the Operating Licence Instructions:

- **Registered capital.** The minimum registered capital must not be less than LAK50 million.
- **Training.** Insurance companies must provide insurance training to the agency before it is established and issue a certificate at the end of the training to evidence the capability of the agency to deliver insurance services. The training must include at least 30 hours in relation to the following subjects:
 - insurance products and related services that the agent will supply;
 - business process and distribution, management and insurance company accounting; and
 - regulations on insurance activities and principles of the ethics to be followed when acting as an insurance agent.

Penalties for non-compliance with legal and regulatory requirements



14. What are the possible consequences of an entity failing to comply with applicable legal and regulatory requirements? What recourse do policyholders have if they have done business with an unauthorised or unlicensed entity?

Insurance/reinsurance providers

The Ministry of Finance remains the main authority in charge of insurance-related matters in Laos. The Insurance Law gives broad powers to the Ministry of Finance, and the Ministry is responsible for the following:

- Examining strategic plans, policies, regulations, and laws relating to insurance activities, which will be proposed to the government for consideration.
- Developing strategic plans and government policies into detailed plans and projects of the finance sector.
- Promoting laws and other legislation relating to insurance.
- Supervising, monitoring and controlling the implementation of laws and other legislation related to insurance.
- Managing and monitoring the operation of insurance businesses.
- Supervising human development and management, appointments, transfers, demotions, provision of incentives and rewards, or application of disciplinary measures for insurance officers.
- Collaborating with line ministries, local authorities, and other organisations related to insurance tasks.
- Monitoring the implementation of insurance which will be undertaken by insurance officers nationwide.
- Co-ordinating with foreign countries in the region, and around the world, in relation to insurance.
- Summarising and reporting periodically to the government about the implementation of insurance activities.
- Implementing other rights and duties, as defined by the laws and regulations.

The Ministry of Finance is assisted by the Insurance Management Department (which is under the Ministry). According to the Insurance Law, the Department is responsible for the following:

- Inspecting the performance and responsibilities of the insurance officers at each level in the implementation of the laws, instructions, decisions, legislation, and methods of technical performance, to ensure the efficiency and effectiveness of the insurance.
- Inspecting the targeted insurers and insurance brokers on planning insurance business development, and the calculation and collection of premiums and service charges in accordance with the law.

The Insurance Law provides the possibility of withdrawing an insurance operating licence if one of the following events occurs:

- The insurer does not fulfil the requirements provided under the Insurance Law.

- The company does not implement the measures decided under the original business plan.
- The insurer commits a serious violation of the rules and regulations.
- The insurer has not commenced its business activity within 90 days of receiving its business licence.

The Insurance Law also provides a range of measures/sanctions. However, they may not be precise enough to address the many issues that can arise when a business operator violates the law, or fails to comply with it.

For minor offences, or those committed unintentionally, there are education measures or warnings. Education measures can consist of a training session provided by the relevant authority on the adverse consequences of the offence. The Insurance Law also provides penal measures, but these are limited to acts relating to unfair competition. Companies that commit an act of unfair competition can face imprisonment for a term ranging from three months up to two years, and a fine of LAK500,000 to LAK10 million. Likewise, insurance business operators can be pursued under the penal law, or asked to pay compensation for damage caused by them.

The Insurance Law also lists specific disciplinary sanctions that apply to any officials and staff working for the government who infringe the Insurance Law. Sanctions can be directly applied by the Ministry of Finance.

In addition, once the insurance company obtains the relevant permits from the Ministry of Planning and Investment, the insurance company has three months to pass the dossier on to the Ministry of Finance to seek the issuance of an operating licence. If the insurance company passes the dossier after three months, it will be fined LAK20 million.

With regard to customer remedies, there is an administrative remedy solution whereby customers may file a petition with the organisation that protects consumers (*Law on Consumer Protection*). However, in practice, to the authors' knowledge, such organisation has not been implemented yet. Therefore, a similar petition can be filed with the Committee for Insurance Dispute Resolution (see [Question 27](#)), which will be in charge of settling disputes between the two parties.

Insurance/reinsurance intermediaries

In addition to the measures and sanctions above, specific fines will also be imposed on insurance brokers and agencies whenever they fail to extend their operating licence on time. The amount of the fine depends on the lateness of the extension. The Instructions are ambiguous about whether this also applies to insurance companies. However, according to interpretation from the authorities, insurance companies can also be fined in similar circumstances.

Other providers of insurance/reinsurance-related activities

See above, [Insurance/reinsurance intermediaries](#).

Restrictions on persons to whom services can be marketed or sold



15. Are there any restrictions on the persons to whom insurance/reinsurance services and contracts can be marketed or sold?

The Insurance Law provides that persons or entities involved in insurance business activities must not provide false information about the contents, scope or terms and conditions of the insurance contract if it will affect the benefits of the purchaser of the insurance, or exaggerate the virtues of the product being sold. Other than this, there are no prohibitions on advertising. Likewise, there are no particular prohibitions on who advertising can be aimed at.

With this in mind, the Contract Law requires that an individual must have the legal capacity to form a contract. A person is deemed to have the capacity to contract if they are at least 18 years of age, or older, and not mentally disturbed.

Reinsurance monitoring and disclosure requirements

16. To what extent can/must a reinsurance company monitor the claims, settlements and underwriting of the cedant company?

No legal obligations apply and a reinsurance company can monitor the claims, settlements and underwriting of the cedant company, based on any terms agreed in the contract signed by the parties.

17. What disclosure/notification obligations does the cedant company have to the reinsurance company?

There are no specific disclosure or notification obligations on the cedant company.

Insurance and reinsurance policies

Content requirements and commonly found clauses

18. What are the main general form and content requirements for insurance policies? What are the most commonly found clauses?

The Insurance Law provides a list of information that every insurance contract must contain, including:

- Names, surnames and addresses of the contracting parties.
- Object of the insurance.
- Types of risks insured.
- Effective date of the insurance contract.
- Sum insured.
- Insurance premium and payment methods.
- Methods and provisions for notifying the damages that have occurred.
- Duration of the insurance contract and guarantee.
- Wording that indicates when the contract will be declared invalid, terminated before its expiration or when rights are lost.
- Methods for dispute settlement.

Policy wording can be drafted by the insurers themselves. However, approval from the Ministry of Finance will need to be obtained.

In addition to the above, the principles of the Law on Contract and Torts must be observed. According to the Law on Contract and Torts, contracts in Laos must follow the following core requirements:

- The contracting parties must have willingly entered into a contract (not be coerced, threatened and so on).
- The contracting parties must have a capacity to act (more than 18 years old, or the legal representative of a legal entity).
- The purpose of the contract must be precise and clear.
- The basis for the contract must be legal (for an insurance contract, the insurance policies must not cover prohibited behaviour/goods).
- The form of the contract must comply with the relevant laws.

Exclusion clauses, and their content, will depend on the activity to be covered by the insurances policies. Clauses such as war and civil war clauses, exclusion clauses, terrorism exclusion clauses, and gradual pollution exclusion clauses are common in Laos.

19. Is facultative or treaty reinsurance more common? What are the most commonly found clauses in reinsurance policies?

Facultative/treaty reinsurance

Both facultative and treaty reinsurance are common in Laos, but either one or the other will be chosen according to the type of project to be reinsured. Under the legislation, a primary insurer has a retention limit of USD200,000. Beyond this limit, insurers will have recourse to a reinsurance contract. For projects of a reasonable size/amount, an insurer will typically favour treaty reinsurance with their usual reinsurer, or the mother company (if it is the branch of a larger international group). However, if a project is important in terms of size and value, facultative reinsurance will be favoured. This happens, for example, with respect to large hydropower projects and investments. These will typically be handled by international brokers, who will call on several reinsurers to cover the risk.

Common clauses

For insurance/reinsurance involving large projects, arbitration clauses are widely used, which are governed by the London Court of International Arbitration Rules or the Singapore International Arbitration Centre.

Another clause which is often found in reinsurance contracts (stemming directly from local legislation) is that insurers must indicate to their final client their retention limit of USD200,000 and that the contract will be reinsured.

Implied terms

20. Are there any terms that are implied by law or regulation (even if not included in the insurance or reinsurance contract)?

Terms of an insurance contract are governed by the Insurance Law and the Instructions.

The Insurance Law sets out the obligations on insurers, which must be followed in any circumstances, even if they are not set down in writing in the contract.

Insurers have the following obligations:

- To provide a thorough explanation to the purchaser of the insurance, before they purchase the insurance product, about the terms and conditions of the contract and the rights and obligations of the insurance purchaser.
- To pay any insurance indemnity in a timely manner, in the full and correct amount.
- To provide a written explanation to the insurance purchaser, if an insurer refuses to pay an indemnity.

The Law on Contract and Torts also imposes an obligation of good faith among parties, that is, that parties have obligations to each other. These obligations are dependent on the parties during the performance of the contract. However, the Law on Contract and Torts does not provide a definition of "good faith" under Lao law. Usually, good faith will be construed as performing a contract with the intention not to defraud the other party, or to act with malice.

- The laws and regulations do not expressly refer to utmost good faith. However, under the Insurance Law, insurers have the express obligation to explain to the purchaser of the insurance policy, the insurance terms, conditions, and the rights and obligations of the insurance purchaser. Therefore, insurance contracts impose another layer of honesty, or transparency, as compared to some other commercial contracts.

Customer protections

21. How do customer protections in the general law affect insurance contracts? What customer protections are generally included in insurance policies to supplement this?

General law

Customer protection is primarily governed by the Law on Consumer Protection no 02/NA dated 20 June 2010 (Consumer Protection Law), which aims to protect the interests and safety of consumers in Laos from adverse impacts relating to products, goods or services. The Consumer Protection Law lays down broad principles, rather than addressing specific issues, and it does not specifically provide clauses or provisions that are prohibited from being included in a contract.

The Contract Law provides recourse to consumers for non-performance of a contract by an insurer, and this can lead to compensation for the consumer. The Contract Law stipulates that consent to a contract cannot be sought through fraud, threat or violence. If the contract is concluded under any of these conditions, it will be deemed null and void.

Insurance policies

There are no other protections compared to the one provided above.

Standard policies or terms

22. What are the main standard policies or terms produced by trade associations or relevant authorities?

There are no standard policies or terms produced by trade associations or relevant authorities. However, policy wording must be registered with and approved by the Ministry of Finance, by way of a formal consultation with the Ministry.

Insurance and reinsurance policy claims

Establishing an insurance claim

23. What must be established to trigger coverage under an insurance policy?

The Insurance Law sets out a number of responsibilities that fall on the purchaser of insurance. Among these, the insured must notify the insurer of any damages or losses that have occurred, not later than five days after the event.

Where there is a robbery, the insured must notify the insurer within 36 hours of the policyholder's knowledge of it. However, notification times can be negotiated in the insurance contract and extended. If the insured is the victim of a force majeure incident which impeded it from notifying the insurer, no rights will be lost.

The Decision provides that three days after receiving the indemnity claim, an insurance company must issue a written letter to the claimant to acknowledge the claim. The insurance company is also obligated to explain the indemnity amount, and provide the claimant with comments or opinions from the parties involved in the assessment of the indemnity (loss assessor, doctor and so on).

Insurance companies have seven days, after the initial three days above have lapsed, to respond to the claimant in regard to the claim submitted. If the insurance company decides that the indemnity claim is not covered by the insurance policy, the insurance company must provide to the insured the reason for such refusal within seven days of the response to the insured.

With regard to the examination of the indemnity claim, if there is a request for an indemnity claim examination by a third party, the insurance company must ensure that the examination will be completed in a reasonable time (but not more than 15 days). The insurance policy holder and the insurance company must have the right to appoint

their own damage assessor, and they must be responsible for the costs incurred. If the examination is not completed within 15 days, the insurance company must inform the claimant, and extend the time period for the examination. However, this period must not exceed 30 days.

There are no legal requirements regarding the information that must be provided by the insured to the insurer. Instead, the onus is on the insurer to do the following (as may be necessary):

- Provide to the claimant guidance on how to fill in the indemnity claim form.
- Explain the procedures for the indemnity claim.
- Provide reasonable assistance to the claimant. "Reasonable" is not defined, but the Insurance Law provides that the insurer can require the purchaser of an insurance policy to provide correct and complete information, prior to entering into a contract, and during the implementation of the insurance contract.

Under the Insurance Law, and insurer can sue a third party to reimburse the insured sum which the insurer has paid to indemnify the insured person for damages or injury for which the third party is liable (in the case of property and civil liability). There are no details regarding any conditions that the insurer must meet before it can sue a third party in such instances. According to the authors' experience, the insurer must prove that it has already paid the insurance indemnities to the insured.

Third party insurance claims

24. What are the circumstances in which third parties can claim under an insurance policy?

Typically the person claiming under the insurance policy or insurance contract will be the person whose name appears as the beneficiary in the contract. However, a third party can demand that the insurance purchaser compensate for the damages covered by the insurance, as agreed in the insurance contract.

Time limits

25. Is there a time limit outside of which the insured/reinsured is barred from making a claim?

The Insurance Law provides three situations which prescribe time limits in three different cases:

- The time limit for requesting payment of an insurance indemnity, or annuity, is one year from the date that the insured event occurred. A force majeure, or any other objective interruption, is not taken into account when calculating the time limit for requesting payment of an insurance indemnity or annuity.
- Where the insurance purchaser can prove that it did not know exactly when the insured events occurred, the one-year time limit is counted from the date the insurance purchaser knew of the occurrence of the insured events.
- Where a third party demands that the insurance purchaser compensates for damage covered by the insurance (as agreed in the insurance contract), such time limit runs from the date on which the third party makes the demand.

Enforcement

26. Can the original policyholder or other third party enforce the reinsurance contract against a reinsurer?

The Insurance Law provides that the insurer will remain responsible to the insured for reinsurance of a property. This means that the insured is not authorised to require the payment of compensation from the reinsurer. However, the Insurance Law provides that it is possible for a policyholder to enforce the reinsurance contract, if otherwise agreed in the contract, so that freedom of contract prevails.

To date, there are no governmental schemes that provide compensation if the policy holder cannot claim.

Remedies

27. What remedies are available for breach of an insurance policy?

Insurer

There are no specific remedies provided, either under the Insurance Law or its Instructions, for breach of an insurance policy. For example, the Insurance Law provides that an insurer must pay an indemnity in a timely manner to the insured person, or to the beneficiary of the indemnity. However, no specific sanction/remedies are provided if this does not happen.

The Contract and Tort Law provides a definition for a breach of contract that includes non-performance (in whole or in part), or unreasonable performance by either contracting party. The definition includes low quality performance, untimely performance, or performance that did not take place at the venue set out in the contract. Therefore, non-performance or delayed performance of an insurance policy can give rights to compensation to the other party (insurer or insured) for any damages that have occurred.

The Contract and Tort Law goes beyond simple compensation, as it also allows a disadvantaged party that has suffered from a breach of contract to unilaterally modify or terminate it. Freedom of contract prevails, and so it is advisable to clearly define the sanctions in the contract that can be enabled in the event of a breach, as the law is silent on this issue. Likewise, there are few available precedents that render it possible to predict how a judge will interpret the law. The remedies for breach of an insurance policy must be regulated in the insurance company's policy.

Bad faith claims. There is no express concept of a bad faith claim against an insurance company in the Lao regulatory framework. However, there are provisions in the Insurance Law that are aimed at preventing bad faith actions from an insurance company. The Insurance Law provides that the indemnity may be paid in a timely manner (see [Question 20](#)), thereby preventing an insurer from withholding the payment of an indemnity in accordance with the insurance policy. The recent Decision on Insurance Business Operation and Supervision provides a clear timeframe as to when the insurer must acknowledge the receipt of the claim, and also a timeframe for the examination of the claim. In the same vein, any refusal of the claim should be explained to the insured.

Remedies. The Lao regulatory framework encourages parties to try to settle disputes by engaging in amicable negotiations before proceeding with litigation. If the negotiations fail, the Insurance Law and its Instructions provide the possibility of triggering an administrative remedy. This remedy will activate the Committee for Insurance Dispute Resolution, which is a committee that is comprised of:

- The head of the insurance management office, or its representative, as the president of the committee.
- Officers from the Ministry of Finance and from the insurance management office.
- Representatives of insurance companies, along with insured persons.

The Instructions set a time frame of 45 days for the committee to reach a decision.

In addition, it is also possible to bring a case before the Lao People's Court, or before an arbitration panel which is based abroad.

Insured

See above, [Question 27](#).

Punitive damage claims

28. Are punitive damages insurable? Can punitive damages be reinsured if they are covered by an underlying policy?

Punitive damages are not specifically addressed/recognised, and the damages awarded will generally be in line with the damage suffered by the victim. However, nothing precludes specific damages from being reinsured, if they are covered by an underlying policy. This also applies to particular damages that would be granted through a mediation or arbitration process.

To date, there are no key obligations on entities preparing resolution or recovery plans. However, this may change, as the Insurance Law is currently subject to consultations between the relevant stakeholders, and these should be issued by 2020.

Insolvency of insurance and reinsurance providers

29. What is the legal and regulatory framework for dealing with distressed or insolvent insurance or reinsurance companies, or other persons or entities providing insurance or reinsurance related services? What regulatory and/or other protections exist for policyholders if the insurance company is insolvent?

The Insurance Law and its Instructions regulate security deposits, under which the insurance business operator must have a security deposit amounting to one-third of the registered capital for each type of insurance, in any commercial bank that has financial stability and which has been established in Laos. Where an insurance business terminates its business operations due to bankruptcy, the insurer cannot claim back the security deposit, until it has developed a plan to pay its debts, arising from the insurance contracts, to all the insured customers or beneficiaries.

An insurance purchaser can claim compensation through the company's security deposit.

30. Can excess insurance policies "drop down" to provide coverage if the primary insurer goes into insolvency?

There are no statutory or other provisions requiring an excess policy to "drop down" in the event of insolvency. Any right to claim will be determined by the policy terms.

31. Is a right to set-off mutual debts and credits recognised in an insolvency proceeding involving an insurer or reinsurer?

There are no laws, or regulations, on the right to set-off mutual debts and credits recognised in an insolvency proceeding involving an insurer or a reinsurer.

Taxation of insurance and reinsurance providers

32. What is the tax treatment for insurers, reinsurers, and other persons or entities providing insurance and reinsurance-related services?

There is no special tax treatment for insurance companies, or any legal entity or individual, which provides similar services. Therefore, insurance companies are subject to profit tax of up to 24%, depending on the amount of profit made.

Insurance and reinsurance dispute resolution

33. Are there special procedures or venues for dealing with insurance or reinsurance complaints or disputes?

The Lao regulatory framework and best practice provides leeway for the resolution of disputes through negotiation, and the Insurance Law specifically encourages this method. In addition, the Insurance Law provides an administrative remedy, where a conflict cannot be amicably settled or negotiated. In this situation, the parties can require the Committee for Insurance Dispute Resolution to administratively resolve the dispute (*see Question 27*).

Dispute resolution applies to all type of complaints, since they are circumscribed to specific complaints by law. Dispute resolution can be carried out in the following ways:

- **Amicable negotiation.** Where a conflict relating to insurance business arises, the parties can make an effort to resolve the conflict through consultation and compromise, in order to reach a negotiated solution that is mutually beneficial.
- **Mediation.** The parties can elect to mediate a dispute at any time, in compliance with the relevant laws and regulations.
- **Through the Committee for Economic Dispute Resolution.** Where a conflict cannot be amicably settled or negotiated, or administratively resolved, the parties can request the Committee for Economic Dispute Resolution to resolve the matter under the Laws on Economic Dispute Resolution no 06/NA dated 17 December 2010, and other related regulations. Dispute resolution by the committee must consist of at least three or more committees (but there must be an odd number). The dispute must be settled within three months from the date the committee was selected.
- **Filing a claim with the court.** Parties can make a claim, or file a lawsuit, with the People's Court for its consideration, using the relevant laws and procedures.
- **Using international dispute settlement procedures.** Laos has ratified the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (New York Convention), and so foreign awards can be enforced in Laos.

34. Are arbitration clauses in insurance and reinsurance agreements enforceable?

Domestic arbitration is available through the Committee for Economic Dispute Resolution (*see Question 33*). Dispute resolution to settle an insurance dispute relating to an international case must be conducted in accordance with any treaties and conventions to which Laos is a party.

Laos recognises foreign arbitration awards from a foreign or international arbitration panel, if they are valid under the New York Convention. To be recognised, the award must be certified by the Lao People's Court in order to be fully enforceable within Laos. The People's Court must verify all of the following:

- The disputing parties are from countries that are contracting members of the New York Convention.
- The award is not contradictory to the Lao Constitution, or regulations that relate to the stability, peace, and environment of the country.
- The disputing parties must have property, business, equity, a bank account or some other assets in Laos.

35. Are choice of forum, venue and applicable law clauses in an insurance or reinsurance contract recognised and enforced?

The Insurance Law does not provide specific prohibitions on the forum, venue or applicable law. A contract can set out that it will be governed under any particular law. Laos recognises and enforces decisions from foreign courts through embassies, consulates or representative organisations of Laos in foreign countries. Once the decision has been translated into Lao language, the Lao People's Court will consider the case, and reach a decision by taking into account whether the decision:

- Comes from a country that is a member of an international treaty/bilateral agreement to which Laos is a party.
- Affects the sovereignty of Laos.
- Contradicts the laws of Laos.
- Adversely affects the peace and orderliness of Lao society.

There is no guideline on how to determine jurisdiction and applicable law in the absence of choice. In the authors' experience, the judges will assess the occurrence of the damages, rather than trying to find out the intention of the parties (which may be the case in other jurisdictions).

Reform

36. What proposals are there for reform of the law, regulation or rules relating to the provision of insurance or reinsurance services?

The Insurance Law is being amended. However, the type of changes that may be expected by this amendment of the law is still unclear. This is a part of the government's strategic plan for 2016 to 2020 includes revising some laws, including the Insurance Law. The new law is due to be introduced in 2020. The draft is under review.

In 2015, the Ministry of Finance established a regulatory unit, which is responsible for overseeing the insurance sector. The long term goal is to create a regulatory framework that complies with the Insurance Core Principals (ICPs) developed by the International Association of Insurance Suppliers, which represents best practice. There are currently 28 ICPs but, to date, the insurance regulatory unit lacks the necessary staff and resources to implement them all. Instead, the unit aims to achieve compliance with six ICPs over the next two years, including those covering:

- Effective supervision.
- Internal controls.

- Market analysis.
- Offsite and onsite supervision.
- Preventative and corrective measures.

Implementing these will mean that the basic regulatory functions relating to supervising the insurance market are met, and will ensure that companies are transparent and provide their customers with proper protection.

Establishing an insurance industry association to represent the industry and to support government initiatives to develop the sector will raise public awareness about insurance, and create opportunities to enforce insurance legislation. Government authorities support the establishment of an insurance industry association, as this will help with the efficient collection of information from insurers established in the country. The country also suffers from a lack of market information from insurers, which can be tackled by setting up an industry association.

Contributor profiles

Dino Santaniello, Head, Laos

Tilleke & Gibbins

T +856 21 262 355

F +856 21 262 356

E dino.s@tilleke.com

W www.tilleke.com

Professional qualifications. Legal advisor, Head, Laos

Areas of practice. Insurance; corporate services; commercial transactions and M&A; regulatory affairs; intellectual property.

Languages. French, English, Lao, Thai, Korean

Saithong Rattana, Attorney-at-Law

Tilleke & Gibbins

T +856 21 262 355

F +856 21 262 356~

E saithong.r@tilleke.com

W www.tilleke.com

Professional qualifications. Attorney, Laos

Areas of practice. Insurance; corporate services; commercial transactions and M&A; energy and infrastructure; intellectual property.

Languages. Lao, English, Thai

END OF DOCUMENT