

**The State Law and Order Restoration Council**  
**The Myanmar Insurance Law**  
**(The State Law and Order Restoration Council Law No. (10/93)**  
**The 5th Waxing Day of Second Waso 1355 M.E.**  
**(23rd July, 1993)**

The State Law and Order Restoration Council hereby enacts the following Law:-

**Chapter I**  
**Title and Definition**

1. This Law shall be called the Myanmar Insurance Law.
2. The following expressions contained in this Law shall have the meanings given hereunder:-
  - (a) **Myanmar Insurance** means the Myanmar Insurance established under this Law;
  - (b) **Insurance Business** means the insurance business mentioned in section 11;
  - (c) **Life Assurance** means the undertaking of liability to pay a valid claim under a Life Assurance policy;
  - (d) **General Insurance** means the undertaking of liability to pay admissible claims under policies relating to all classes of insurance other than Life Assurance;
  - (e) **Re-insurance** means the cession by a primary insurer of the whole or part of liabilities undertaken by it to another insurer;
  - (f) **Ministry** means the Ministry of Finance and Revenue;
  - (g) **Board of Directors** means the Board of Directors of the Myanmar Insurance.

## **Chapter II**

### **Establishment and Aim**

3. The Myanma Insurance is established under this Law as a legal entity having perpetual succession, capable of suing and being sued in its own name.
4. The Myanma Insurance is established with the following aims:-
  - (a) to overcome financial difficulties by effecting mutual agreement of insurance against social and economic losses which the people may encounter, due to common perils;
  - (b) to promote the habit of savings individually by effecting life assurance, thus contributing to the accumulation of resources of the State;
  - (c) to win the trust and confidence of the people in the insurance system by providing effective insurance safeguards which may become necessary in view of the social and economic developments.

## **Chapter III**

### **Formation of the Board of Directors and Management**

5. The Government:-
  - (a) shall form the Board of Directors with the Departmental Heads of the Government and suitable citizens;
  - (b) shall, in forming the Board of Directors determine the Chairman and Secretary at the same time;
  - (c) may determine the tenure of the Board of Directors;
  - (d) may, during the tenure of the Board of Directors terminate the membership of any members or replenish any person as a member.
6. The Board of Directors shall undertake responsibility for the insurance business and exercise powers of the Myanma Insurance contained in this Law.

7. Members of the Board of Directors who are non-Government servants are entitled to receive remuneration prescribed by the Ministry.

8. In order to carry out the functions and duties of Myanmar Insurance, the Board of Directors may form committees comprising members of the Board of Directors, experts and service personnel. In forming such committees the duties and powers thereof shall be determined.

9. In respect of matters relating to meetings of the Board of Directors, convening of meetings and passing of resolutions may be carried out in the manner prescribed.

10. The Chairman of the Board of Directors:-

- (a) shall have the power to enter into contracts and sign documents, exchange of notes and insurance policies on behalf of Myanmar Insurance;
- (b) may, from among his powers delegate the power to sign insurance policies to the officers of Myanmar Insurance.

#### **Chapter IV**

#### **Insurance Business**

11. The Myanmar Insurance shall undertake the following insurance business:-

- (a) Life Assurance;
- (b) Third Party Liability Insurance;
- (c) General Liability Insurance;
- (d) Fire Insurance;
- (e) Marine Cargo Insurance;
- (f) Marine Hull Insurance;
- (g) Aviation Insurance;

- (h) Engineering Insurance;
- (i) Comprehensive Motor Insurance;
- (j) Oil and Gas Insurance;
- (k) Cash-in-transit Insurance;
- (l) Cash-in-safe Insurance;
- (m) Fidelity Insurance;
- (n) Travelling Insurance;
- (o) Personal Accident Insurance;
- (p) Other classes of Insurance;
- (q) Insurance determined by the Ministry.

## **Chapter V**

### **Powers of Myanma Insurance**

12. The powers of Myanma Insurance are as follows:-
- (a) effecting other suitable investments in and outside the State, with the approval of the Ministry;
  - (b) opening branches and appointing agents in and outside the State, with the approval of the Ministry;
  - (c) re-insuring in and outside the State, the whole or part of its liabilities under the insurance business undertaken by it;
  - (d) investing in securities, debentures, shares and savings certificates;
  - (e) co-ordinating with other insurance companies in respect of the premium rates and policy terms and conditions;
  - (f) accepting foreign exchange received as premium from insurance effected;
  - (g) paying compensation in foreign exchange for losses, as insurance is effected in foreign exchange;

- (h) determining the premium rate, indemnity rate, compensation rate, additional premium rate for reason of perils, no claim bonus, ex-gratia payment, penalty, commission rate, life assurance loan and interest rate, life assurance surrender value and paid-up rate;
- (i) actuarial valuation of the life assurance business from time to time; hiring actuary required for such valuation, with the permission of the Ministry;
- (j) in an actuarial valuation of the life assurance business, if it is found that profits have accrued, allocating such profits to the assured entitled thereto;
- (k) permitting other companies which have been granted the right to transact insurance business under section 4 of the State-owned Economic Enterprises Law to transact any other class of insurance business or more than one class of insurance business, with the exception of Third Party Liability Insurance and Re-insurance included in the insurance business which are to be transacted solely by it;
- (l) utilising foreign exchange in accordance with the existing laws, regulations and bye-laws for re-insurance premium, compensation to be paid, deposit, litigation costs, cost of stamps, lawyer's fees, survey fees and other expenses directly concerned with the business, which are required to be settled in foreign exchange;
- (m) laying down measures required for the perpetual and up-to-date progress of insurance education.

## **Chapter VI**

### **Effecting Insurance and Granting of Benefits**

13. Government servants shall effect compulsory life assurance with the Myanma Insurance in accordance with the prescribed age and scale of pay.

14. A person who has attained majority may effect life assurance for a minor.
15. Owners of motor vehicles shall effect compulsory Third Party Liability Insurance with the Myanmar Insurance.
16. An entrepreneur or an organization operating an enterprise which may cause loss to State-owned property or which may cause damage to the life and property of the public or which may cause pollution to the environment shall effect compulsory General Liability Insurance with the Myanmar Insurance.
17. The Ministry may under section 16 determine from time to time the entrepreneurs or organizations which are to effect compulsory General Liability Insurance.
18. State Organizations and Enterprises which have fifty per cent and above of the capital investment subscribed by the State, shall effect insurance only with the Myanmar Insurance, if the class of insurance they desire to effect is of the class which is accepted by the Myanmar Insurance.
19. Economic Organizations which have been formed under a permit under the Union of Myanmar Foreign Investment Law shall effect only with the Myanmar Insurance the classes of insurance which the Myanmar Insurance determines from time to time. However, from amongst the classes of insurance which the said Economic Organizations are to effect, the Ministry of Finance and Revenue may exempt from effecting insurance of any class or more than one class, in the interest of the State.
20. Notwithstanding anything contained in any existing law, only the assignee of the assured shall be entitled to the benefits, in respect of every life assurance policy effected under this Law.

## Chapter VII

### Capital and Profit Allocation

21. (a) The State shall be the sole shareholder of the Myanma Insurance. The authorised capital of the Myanma Insurance is kyats 300 millions, of which kyats 150 millions shall be fully paid up by the State. The balance of the authorised capital may be subscribed by the State as and when necessary.
- (b) The authorised capital and paid-up capital of the Myanma Insurance may be increased with the permission of the Government.
22. The Myanma Insurance shall maintain the following funds:-
- (a) General Reserve Fund;
  - (b) Life Assurance Fund;
  - (c) General Insurance Fund.
23. The following sums shall be paid to the General Reserve Fund:-
- (a) initial subscription by the State of kyats 50 millions;
  - (b) a sum equivalent to ten per cent of the profits allocated after actuarial valuation of the Life Assurance business;
  - (c) a sum equivalent to ten per cent of the balance after subscribing to the Insurance Fund from the annual operating surplus of each class of General Liability Insurance.
24. The percentage of subscription to the General Reserve Fund may be increased with the permission of the Government. The total amount of the General Reserve Fund may exceed the paid-up capital of Myanma Insurance.

25. The following sums shall be paid to the Life Assurance Fund:-
- (a) initial subscription by the State of kyats 600 millions;
  - (b) the surplus after deducting the expenditure from the annual income of the Life Assurance business.
26. A sum equivalent to forty per cent of the annual premium income of each class of General Insurance from out of the surplus of the General Insurance business or if such operating surplus falls short of forty per cent of the annual premium income, the whole surplus shall be paid into the General Insurance Fund.
27. The Myanma Insurance shall, after paying ten per cent from the profits accrued after actuarial valuation of the Life Assurance business to the General Reserve Fund allocate the remaining ninety per cent to the Life Assurance policy-holders.
28. The Myanma Insurance shall, after subscribing to the Insurance Fund subscribe ten per cent to the General Reserve Fund from the surplus of each General Insurance business and pay the remaining ninety per cent to the Government.
29. In the event a deficit occurs in the operation of the insurance business in respect of a class of insurance business the Myanma Insurance shall, in the first instance utilise the Insurance Fund of that class. If the Fund is insufficient, it shall draw upon the Reserve Fund and if the Reserve Fund is still insufficient, the State shall be responsible for settlement of the outstanding claims.
30. The Myanma Insurance shall open an account and deposit the working capital required for its business with the Central Bank of Myanmar or with any State-owned financial institution.



31. The Myanma Insurance:-

- (a) shall open a foreign exchange account with the relevant bank in order that acceptance of insurance and settlement of claims may be made in foreign exchange;
- (b) after deposit in the foreign exchange account foreign exchange equivalent to kyats 5 millions as an initial deposit, may deposit the foreign exchange received for the business and disburse payments payable for the business;
- (c) when the balance of the account is insufficient to meet commitments in foreign exchange, it may be replenished with the permission of the Government.

## **Chapter VIII**

### **Accounts and Audit**

32. The financial year of the Myanma Insurance shall be the same as the financial year of the State.

33. The Myanma Insurance shall submit to the auditing by the Auditor General's Office in respect of its accounts.

34. (a) At the close of every financial year, the Myanma Insurance shall prepare the annual accounts and balance sheet in the manner prescribed by the Ministry;
- (b) The annual accounts and balance sheet duly certified by the Auditor General's Office shall be submitted together with the annual report of the Myanma Insurance to the Government through the Ministry within 6 months after the close of each financial year;
- (c) The Myanma Insurance shall publish the annual report in the manner prescribed by the Ministry, for the information of the public.

**Chapter IX**  
**Miscellaneous**

35. The Myanmar Insurance has the right to dispose of buildings, property and vehicles taken over by it on payment of compensation for loss and damage, in accordance with the stipulation of the Ministry.

36. Except for debts owed by the policy-holder to the State or to Myanmar Insurance, other debts and liabilities, payable or dischargeable to the policy-holder in these respects under this Law shall not be attached under any decree or order of any criminal or civil Court.

37. Movable and immovable property belong to the Myanmar Insurance Corporation established under the Insurance Business Law, operations in the process of operation, operations which have been completed, assets and liabilities and also the office staff shall devolve on the Myanmar Insurance.

38. Contracts, exchange of notes and insurance policies entered into or executed under the Insurance Business Law in respect of the insurance business shall be deemed to be entered into or executed by the Myanmar Insurance.

39. The Management Committee of the Myanmar Insurance Corporation established under the Insurance Business Law shall have the right to carry on the business until the day the duties and responsibilities are handed over to the Board of Directors formed under this Law.

40. Rules, procedures, orders and directives issued under the Insurance Business Law may continue to be applicable in so far as they are not inconsistent with the provisions of this Law.

41. For the purpose of carrying out the provisions of this Law:-

- (a) the Ministry may issue rules and procedures, with the approval of the Government;
- (b) the Ministry and Myanma Insurance may issue orders and directives.

42. The Insurance Business Law (Pyithu Hluttaw Law No. 10 of 1975) is hereby repealed.

(Sd) Than Shwe  
Senior General  
Chairman  
The State Law and Order Restoration Council

## Myanma Insurance Law

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