

Government of the Union of Myanmar

Ministry of Finance and Revenue

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In exercise of the power conferred under sub-section (a) of section 38 of the Insurance Business Law, the Ministry of Finance and Revenue, Government of the Union of Myanmar, issues the following rules with the approval of the Government.

Chapter I

Title and Definition

1. These rules shall be called the **Insurance Business Rules**.
2. The expressions contained in these rules shall have the same meanings as defined in the Insurance Business Law. Moreover, the following expressions shall have the meanings given hereunder:-
 - (a) **Law** means the Insurance Business Law;
 - (b) **General Insurance** means classes of insurance other than Life Assurance as mentioned under section 8 of the Law;
 - (c) **Business Licence** means a licence granted under these rules to transact an insurance, underwriting agency or broking business;
 - (d) **Form** means the form annexed to these rules.

Chapter II

Formation of the Insurance Business Supervisory Board

3. (a) The Ministry shall pursuant to the provision of section 4 of the Law, form the Insurance Business Supervisory Board;
- (b) The Ministry may reconstitute the Supervisory Board, if necessary.
4. The Supervisory Board shall from time to time submit a report of its performance to the Ministry.

Chapter III

Convening of the Meeting of the Insurance Business Supervisory Board

5. (a) An ordinary meeting of the Supervisory Board shall be held once in every month. A special meeting may be held, if necessary;
- (b) Attendance of more than half of the Supervisory Board members forms a quorum;
- (c) The Chairman of the Supervisory Board shall preside at the meeting. If the Chairman is absent, the person delegated by the majority of the members present shall preside thereat;
- (d) If any matter is to be resolved at the meeting the decision shall be made with the consent of the majority of the members present, by open or secret voting.

Chapter IV

Duties and Powers of the Supervisory Board

6. An insurer or underwriting agent shall raise kyats 6000 million for life assurance and kyats 40000 million for general insurance as the paid-up capital.

7. The Supervisory Board shall:-
- (a) direct an insurer or underwriting agent to open an account at the Myanmar Economic Bank with a deposit equal to 10% of the paid-up capital.
 - (b) direct an insurer or underwriting agent to purchase in their joint names Government Treasury Bonds worth 30% of the paid-up capital.
8. The Supervisory Board may, with the approval of the Ministry, amend the stipulations contained in rules 6 and 7.
9. The Supervisory Board may:-
- (a) with the approval of the Ministry, encash and expend the Government Treasury Bonds purchased in pursuance of sub-rule (b) of rule 7;
 - (b) permit an insurer or underwriting agent to withdraw and expend the remainder of the paid-up capital after the purchase of the Government Treasury Bonds pursuant to sub-rule (b) of rule 7, for the purpose of the insurance business.
10. The Supervisory Board shall:-
- (a) in evaluating assets and liabilities of an insurer or underwriting agent, formulate norms and criteria as recommended by an actuary or qualified accountant;
 - (b) scrutinize and approve the programme of investment submitted in accordance with the type of insurance by an insurer or underwriting agent.
11. The Supervisory Board:-
- (a) shall determine 10% of the net life assurance premium generated in the closed underwriting year immediately preceding the current year as the net worth of a life assurance business;

- (b) shall determine the maximum amount of the following to be the net worth of a general insurance business:-
 - (1) kyats 20 million;
 - (2) 50% of the net premium income generated in the closed underwriting year immediately preceding the current year;
 - (3) 50% of the claim reserve provided for the closed underwriting year immediately preceding the current year;
- (c) may, with the approval of the Ministry amend the stipulations contained in sub-rules (a) and (b)

12. The Supervisory Board:-

- (a) shall direct an insurer or underwriting agent to establish a life assurance fund and open an account therewith at the Myanmar Economic Bank;
- (b) shall direct an insurer or underwriting agent to establish a Life Assurance Policyholders Protection Fund for the purpose of protecting the life assurance policyholders if necessary, and to open an account therewith at the Myanmar Economic Bank;
- (c) may allow, for the following purposes, a reasonable sum to be withdrawn and expended out of the Life Assurance Policyholders Protection Fund established in accordance with sub-rule (b):-
 - (1) supplementing payment towards claims which cannot be fully paid owing to insufficiency of the life assurance fund;
 - (2) deficiency in the premium when life assurance policies are handed over to another insurer or underwriting agent owing to the termination or abolition of the life assurance business;
 - (3) defraying the expenses incurred in connection with clauses (1) and (2) of sub-rule (c);

- (d) shall direct an insurer or underwriting agent to establish a main general insurance fund and open an account therewith at the Myanmar Economic Bank.

13. The Supervisory Board shall direct an insurance broker to effect professional indemnity insurance in kyats or in foreign exchange in the value as determined by the Ministry from time to time.

14. The Supervisory Board:-

- (a) shall direct the insurer, underwriting agent or broker concerned, to terminate the employment of the principal officer of the relevant insurance business, who is convicted of one of the offences prescribed from time to time by the Ministry;
- (b) may return the balance together with the interest accrued on the deposit, after leaving an amount sufficient to meet the liabilities in respect of the insurance business, where an insurer or underwriting agent discontinues its operations or its business licence is revoked.
- (c) may grant a business licence to a company doing business with foreign investment, which applies to operate the business of an insurer, underwriting agency or insurance broker after due scrutiny in accordance with the existing laws;
- (d) may permit an insurer, underwriting agent or insurance broker who holds a business licence to establish a representative branch office;
- (e) shall direct the insurer or underwriting agent to effect reinsurance;
- (f) may, with the approval of the Ministry, establish insurance institutes, communicate with international insurance organizations and carry out educative and organizational activities, in order that the technology and business of insurance may thrive and be outstanding;
- (g) shall submit the report of its performance to the Ministry within 4 months after the end of the fiscal year.

Chapter V

Application for Business Licence and Granting Thereof

15. Any person desirous of transacting insurance business, underwriting agency business or insurance broking business shall have a company incorporated and registered in accordance with the Myanmar Companies Act or the Special Companies Act 1950.

16. An insurer, underwriting agent or insurance broker shall apply to the Supervisory Board for a business licence by filling in complete and correct particulars in the application Form (ah-ma-kha 1), together with necessary supporting documents.

17. The Supervisory Board:-

- (a) shall scrutinize whether the particulars presented in the business licence application form and documents submitted are complete and correct;
- (b) may interview the applicant, if necessary in connection with the particulars contained in the application;
- (c) shall decide whether the relevant business licence is to be granted or not and shall notify the applicant in writing in accordance with the decision.

18. An insurer or underwriting agent who applies for a business licence shall, within 30 days after receipt of intimation of being granted a licence, pay the following as directed by the Supervisory Board:-

- (a) the paid-up capital stipulated under rule 6;
- (b) the deposit stipulated in sub-rule (a) of rule 7;
- (c) licence fee.

19. The insurance broker who applied for a business licence shall on receipt of intimation of being granted a licence, pay licence fee as directed by the Supervisory Board.

20. A company doing business with foreign investment shall on receipt of intimation of being granted a licence for an insurance business, underwriting agency business or insurance broking business pay the paid-up capital, deposit and licence fee as stipulated and directed by the Supervisory Board.

21. The Supervisory Board shall grant the relevant business licence in Form (ah-ma-kha 2) within 15 days on submission by the insurer, underwriting agent or insurance broker, of supporting documents of evidence that the paid-up capital, deposit and licence fee have been paid.

22. Business licence fees and annual fees are kyats 3 million and 1 million respectively.

23. The insurer, underwriting agent or insurance broker who holds a business licence shall:-

- (a) pay, as directed by the Supervisory Board, the annual fee whenever the tenure of one year from the day on which the business licence was granted is completed;
- (b) pay a late fee of kyats 3,000 after the completion of the tenure of one year, if default is made in complying with the requirements of sub-rule(a).

24. In the calculation of the late fee, the fraction of a year shall be deemed as a year.

25. Where a duplicate business licence is applied for, due to loss or destruction of the original, the Supervisory Board shall scrutinize and issue the licence in Form (ah-ma-kha 2) duly stamped as duplicate, after charging the applicant a fine of kyats 10,000.

26. A company doing business with foreign investment shall, in respect of the licence for the insurance business, underwriting agency business or insurance broking business, pay the annual fee, late fee and fine as stipulated and directed by the Supervisory Board.
27. (a) The Supervisory Board shall stipulate in the business licence terms and conditions to be complied with by the insurer, underwriting agent or insurance broker who holds a business licence;
- (b) An insurer, underwriting agent or insurance broker who holds a business licence shall comply with the terms and conditions so stipulated.
28. The Supervisory Board shall publish in the Myanmar Gazette granting or cancellation of a business licence on a case by case basis.

Chapter VI

Duties of an Insurer, Underwriting Agent or Insurance Borker

29. An insurer, underwriting agent or insurance broker:-
- (a) shall compile and submit to the Supervisory Board, form, proposal, policy, premium rates and related papers to be used thereby;
- (b) shall use the form, proposal, policy, premium rates and related papers approved by the Supervisory Board;
- (c) shall alter the form, proposal, policy, premium rates and related papers approved under sub-rule (b) only with the permission of the Supervisory Board.
30. An insurer, underwriting agent or insurance broker shall:-
- (a) maintain policy registers in accordance with the class of insurance;
- (b) maintain records of liabilities to policyholders;

- (c) furnish information of share relating to one of the shareholders, when required by the Supervisory Board;
- (d) reply to inquiries pertaining to a policy, by a person having legal right to know the facts thereof;
- (e) appoint whoever fulfils the qualifications stipulated by the Supervisory Board as the principal officer of an insurance business, underwriting agency business or insurance broking business;
- (f) maintain policy registers case files account books and insurance fund in accordance with the stipulation notwithstanding the suspension of procurement of new insurance business.

31. An insurer or underwriting agent shall:-

- (a) as regards the report of the actuarial valuation carried out in accordance with sub-section (d) of section 12 of the Law cause re-valuation with another actuary to be conducted, as directed by the Supervisory Board;
- (b) bear the expenses to be incurred pursuant to sub-rule(a);
- (c) transact the life assurance business in accordance with the suggestions and recommendations contained in the actuarial valuation report;
- (d) keep the information and facts of a life assured confidential;
- (e) make provision to have assets sufficient to meet its liabilities.

32. An insurer or underwriting agent shall:-

- (a) maintain all life assurance premium separately;
- (b) bear general administrative expenses proportionally out of the life assurance income in addition to the life assurance expenses;
- (c) establish the life assurance fund with the surplus of the income.

33. An insurer or underwriting agent shall:-
- (a) carry out the programme and operations of investment approved by the Supervisory Board in accordance with the class of insurance;
 - (b) keep the assets of an insurance fund separately from other assets;
 - (c) submit within 14 days supporting documents of assets when required by the Supervisory Board;
 - (d) compile and submit to the Supervisory Board facts and figures relating to insurance business;
 - (e) submit to the Supervisory Board within 4 months after the end of the relevant underwriting year, the audited final and other accounts compiled in Form (ah-ma-kha 3) together with the report of its performance.

Chapter VII

Audit

34. (a) The Supervisory Board may, in consultation with the Auditor-General, lay down the methodology to be followed in an audit;
- (b) The auditor concerned shall follow the methodology so laid down.
35. The Supervisory Board:-
- (a) may prohibit the auditor who fails to follow the methodology so laid down, from continuing the audit;
 - (b) may direct another auditor to conduct the audit where the original auditor was prohibited from further audit pursuant to sub-rule(a).
36. Expenses incurred in respect of an extended audit, reaudit or investigation undertaken in accordance with the direction of the Supervisory Board shall be defrayed by the enterprise concerned.

Chapter VIII

Winding up

37. (a) Where the Supervisory Board pursuant to section 17 of the Law, revokes the licence of the insurance business, underwriting agency business or insurance broking business, a liquidator shall be assigned to obtain the sanction of the Court for winding up the company concerned, in accordance with the provisions of the Myanmar Companies Act;
- (b) The liquidator shall apply to the Court having jurisdiction, to make a winding up order in respect of the relevant company.
38. The Court having jurisdiction shall:-
- (a) as regards the application submitted under sub-rule (b) of rule 37, pass a winding up order, without having regard to any objection whatsoever;
- (b) after passing the order, proceed in accordance with the provisions of the Myanmar Companies Act.
39. The liquidator:-
- (a) in winding up the relevant company, is entitled to dispose of and expend the assets and the deposit thereof only to meet the liabilities of the company and winding up expenses;
- (b) shall submit to the Supervisory Board, programme and report of the winding up as stipulated.
40. An insurer or underwriting agent shall replenish its assets, in accordance with the order of the Court, in order to meet its liabilities fully.

Chapter IX

Investigation and taking action

41. The Supervisory Board:-

- (a) may appoint an enquiry commission with 3 members of the Supervisory Board or with one member thereof and 2 outside technicians to investigate as to whether or not an insurer, underwriting agent or insurance broker complies with the provisions of the Law and these rules, notwithstanding anything contained in the Myanmar Companies Act;
- (b) shall determine duties, powers and tenure of an enquiry commission appointed under sub-rule(a);
- (c) may, if necessary, appoint, from time to time more than one commission or on a case by case basis.

42. The enquiry commission :-

- (a) shall follow the procedure laid down by the Supervisory Board from time to time for investigation;
- (b) shall have right of access to:-
 - (1) books of account and records;
 - (2) office premises of an insurer, underwriting agent or insurance broker;
- (c) may interrogate those persons having business relations with the insurer, underwriting agent or insurance broker and require them to produce the required supporting documents and records for inspection;
- (d) may subject anyone suspected of transacting an insurance business, underwriting agency business or insurance broking business without a business licence, to interrogation and to production of supporting documents and records for inspection;

- (e) shall submit to the Supervisory Board report of its findings signed by all members together with its remarks.
43. The Supervisory Board may:-
- (a) after scrutinizing the report submitted by an enquiry commission, revoke the relevant business licence if it is found that any provision contained in section 17 of the Law has been infringed;
 - (b) pass an administrative order under section 22 of the Law, if it is found that any provision contained in section 21 of the Law has been infringed.
44. The Supervisory Board may, with the approval of the Ministry, determine the fine to be imposed under an administrative action.
45. (a) An insurer, underwriting agent or insurance broker whose business licence was temporarily suspended for a period of time shall apply to the Supervisory Board for revalidation of its licence on the expiry of the period;
- (b) The Supervisory Board shall, after scrutinizing the application submitted under sub-rule(a), revalidate the licence on payment of a fine of kyats 10,000, if it conforms to the stipulations.

Chapter X

Appeal

46. Any person dissatisfied with an order passed under sections 17 or 22 of the Law by the Supervisory Board, may appeal to the Ministry within 30 days from the date of passing such order.
47. The Ministry:-
- (a) may permit the appellant or the legal representative to submit the plea in writing;

- (b) may require the Supervisory Board to forward its remarks, if necessary;
- (c) may confirm, set aside or revise the order of the Supervisory Board;
- (d) shall intimate in writing to the appellant the decision so made.

48. The decision of the Ministry shall be final and conclusive.

Chapter XI

Miscellaneous

49. An insurer or underwriting agent is entitled to the interest derived from the following:-

- (a) the paid-up capital;
- (b) the deposit.

50. An insurance contract entered into with a party having no insurable interest shall be deemed void.

51. An insurer, underwriting agent or insurance broker who holds a business licence shall cooperate with the Supervisory Board for the progress and dissemination of the technology and business of insurance.

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Minister

Ministry of Finance & Revenue