



Decree 174/2024/ND-CP: Stricter Regulations and the Need for Insurance Companies to Adapt

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ARTICLE

15 April 2025

The issuance of Decree 174/2024/ND-CP by the Government marks a significant step forward in the regulation of the insurance industry in Vietnam. With stricter enforcement measures, the decree not only aims to enhance transparency and fairness in the insurance market but also imposes more stringent requirements on insurance companies, brokers, and agents. To mitigate legal risks and ensure sustainable growth, businesses must swiftly grasp and adapt to these key regulatory changes.

One of the most notable aspects of the decree is that, beyond corporate compliance, the decree also tightens regulations on insurance agents and brokers. In recent years, cases of agents misleading customers by providing false promises of benefits have undermined public trust in the market. To address this, Decree 174/2024/ND-CP mandates that insurance companies assume direct responsibility for the actions of their agents. This means that insurers can no longer delegate responsibility without oversight but must instead implement strict recruitment, training,

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Additionally, the decree introduces stricter requirements on contract transfers and dispute resolution within the insurance sector. Some companies have previously sought to evade claims obligations or transfer insurance contracts without regulatory approval. To rectify this, the new decree mandates that any contract transfer must adhere to full legal procedures and safeguard customer rights. Non-compliance could result in fines of up to VND 100 million, with potential temporary suspension of business operations.

Another crucial regulatory update pertains to mandatory insurance, particularly motor vehicle liability insurance. Under the new decree, insurance companies are prohibited from refusing to sell mandatory insurance if customers meet all eligibility criteria. Any unwarranted denial or delay in providing these policies could result in fines ranging from VND 30 to 50 million, in addition to reputational damage for the insurer. This forces non-life insurance companies to reassess their sales processes to ensure compliance with legal requirements while maintaining service efficiency.

While these regulatory changes present challenges, they also provide insurance companies with an opportunity to strengthen their internal processes, enhance professionalism, and improve customer service. Strengthening internal control mechanisms, closely monitoring agent activities, and ensuring transparency in claims processing will not only help businesses avoid legal risks but also build long-term customer trust.

At the same time, technological advancements offer new opportunities for risk management and regulatory compliance. Insurance companies can leverage digital solutions to enhance operational efficiency, detect fraudulent activities early, and streamline claims processing. This trend not only optimizes internal workflows but also enhances competitiveness in an increasingly regulated market.

Ultimately, Decree 174/2024/ND-CP is not merely a regulatory enforcement tool — it represents a crucial step toward

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opportunities for sustainable growth in the evolving market landscape.

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