

NEW REGULATIONS ON COMPULSORY INSURANCE IN CONSTRUCTION INVESTMENT ACTIVITIES

TRANG NHUNG

On September 6, 2023, the Government promulgated Decree 67/2023/ND-CP on compulsory civil liability insurance of motor vehicle owners, compulsory fire and explosion insurance, compulsory insurance in construction investment activities (**Decree 67**). Basically, Decree 65 has inherited most of the regulations related to compulsory insurance for construction investment activities in Decree 119/2015/ND-CP on compulsory insurance in construction investment activities (amended and supplemented by Decree 20/22022/ND-CP), and Circular 50/2022/TT-BTC providing guidelines for Decree 119/2015/ND-CP and Decree 20/22022/ND-CP. Below are some notable contents on compulsory insurance in construction investment activities in Decree 67:

First, regulating in detail four types of compulsory insurance in construction investment activities. Previously, each type of compulsory insurance in this sector was only specifically guided in circulars. However, Decree 67 has provided regulations and guidelines for each type of compulsory insurance obligated to be covered by investors and contractors in construction investment activities, including: (i) Compulsory insurance for construction work in progress; (ii) Compulsory professional liability insurance for construction investment consultancy; (iii) Compulsory insurance for workers on construction site; (iv) Compulsory civil liability insurance for third parties (See Chapter IV, Decree 67 for details).

Second, supplementing insurance liability exclusions for each type of compulsory insurance. Decree 67 has inherited the regulations on insurance liability exclusions in previous legal documents. General exclusion circumstances (Article 5, Circular 50/2022/TT-BTC) shall still be applied to all of the four types of compulsory insurance mentioned above. In addition to the cases inherited from Circular 50/2022/TT-BTC, Decree 67 has supplemented a number of insurance liability exclusions for four types



of compulsory insurance in construction investment activities, specifically:

- Compulsory insurance for construction work in progress: Decree 67 has supplemented a number of cases in which insurers' liability is excluded, such as (i) Losses or damage of policyholders and the insured named in the list of entities subject to the embargo; (ii) Losses or damage relating to diseases as announced by competent authorities.
- Compulsory professional liability insurance for construction investment consultancy: Decree 67 has supplemented one case in which insurers are not required to provide indemnities, namely, losses incurred as a result of a consultancy contractor's intentional in compliance with construction regulations on the application of technical standards and regulations of law on construction, and use of construction materials causing harm to public health and environment.
- Compulsory insurance for workers on construction site: Decree 67 has supplemented a variety of cases in which insurers are excluded from insurance indemnities such as (i) Losses incurred as a result of contradictions between an employee and the person causing the accident but not related to the work on the construction sites; (ii) Losses incurred by an employee's deliberate self-harm. (iii) Losses incurred by an employee's use of narcotics or drugs against the law (where the drugs are prescribed for treatment by licensed doctors); etc.
- Compulsory civil liability insurance for third parties: Decree 67 has supplemented one case of liability exclusion for insurers, which is damage incurred due to vibrations; movement or decline of seismic-resistant and load-bearing components; or injury or damage to life or properties caused by any of the above losses (unless otherwise agreed with amended provisions).

Comments and recommendations

Decree 67 is issued and takes effect from September 6, 2023, contributing to completing and consolidating the applicable legal framework on compulsory insurance. For example, instead of general regulations on compulsory insurance in construction investment activities in circulars as before, Decree 67 has further specified the types of compulsory insurance in construction investment and supplemented insurance liability exclusion cases, thereby helping insurance enterprises as well as related organizations and individuals look up and apply legal provisions more conveniently. It is noted that Decree 67 will replace Decree 119/2015/ND-CP and Decree 20/2022/ND-CP amending and supplementing a number of articles of Decree 119/2015/ND-CP. Therefore, individuals and organizations need to study the regulations of Decree 67 to ensure legal compliance during the implementation of construction investment activities.