

MHM Yangon Newsletter

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1. Liberalisation of the insurance sector to foreign investment
2. Lifting of the ban on import licenses for foreign service providers

1. Liberalisation of the insurance sector to foreign investment

On January 2, 2019, the Ministry of Planning and Finance (“MOPF”) issued Notification No. 1/2019 (the “**Insurance Notification**”) opening Myanmar’s insurance sector to foreign investment.

The Insurance Notification permits foreign investors to engage in both life and non-life insurance, as described below:

Life Insurance	<ul style="list-style-type: none"> • Up to three companies will be licensed as wholly foreign-owned life insurers. • In addition, foreign insurers with a representative office in Myanmar will be licensed to offer life insurance policies under a joint venture with a local insurer.
Non-life insurance	<ul style="list-style-type: none"> • Foreign insurers with a representative office in Myanmar will be licensed to offer non-life insurance policies under a joint venture with a local insurer

Insurance companies currently offering both life and non-life insurance in Myanmar are required under paragraph 5 of the Insurance Notification to divide their life and non-life insurance operations into two different entities. The Insurance Notification does not specifically set out how such division should occur.

On January 21, 2019, the MOPF released its Requests for Proposal and Expressions of Interest, providing further information regarding the process for application for a licence by foreign insurers. Among others, these documents require that Requests for Proposal for a licence to operate a wholly foreign-owned life insurance business must be submitted by 1 March 2019. Local insurers who wish to form a joint venture with a foreign insurer to operate either a life or non-life insurance business must submit their completed Expression of Interest by 11 February 2019, or if they have not yet determined their partner, make a preliminary submission by 11 February 2019 and finalise and submit a completed Expression of Interest by 26 April 2019.

To date, no foreign insurer has been awarded a licence under the Insurance Business Law of 1996 to undertake an insurance business in Myanmar (they may only conduct

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such a business in partnership with Myanma Insurance, the state-owned insurer, or in special economic zones under Notification 2/2017 of the Insurance Business Regulatory Board of Myanmar). The opening of the sector has therefore generated considerable interest among foreign insurers, and the issue of licences under the Insurance Notification will be closely watched by the market.

2. Lifting of the ban on import licenses for foreign service providers

On December 21, 2018, the Myanmar Ministry of Commerce (“MOC”) issued Notification No. 57/2018 (the “**Import Notification**”), lifting the ban on the grant of import licences to foreign service providers for the import of office equipment and other material related to their business.





Prior to the Import Notification, while section 231 of the 2016 Myanmar Investment Law theoretically permitted companies in Myanmar to import goods necessary for their business, in practice, imports by foreign companies had only been exceptionally permitted in the following circumstances: (i) the business had a permit from the Myanmar Investment Commission under the Myanmar Investment Law; (ii) the goods were specifically permitted to be imported by MOC under its notifications, for example, goods such as building materials, fertilisers, seeds, and agricultural chemicals; and (iii) the importer was registered by the MOC to conduct a retail or wholesale distribution business in Myanmar. In the case of services supply, there have been exceptional cases of service providers (including foreign service providers) being permitted to import goods necessary for their business (such as spare parts).

The release of the Import Notification can be regarded as standardising the treatment of service providers under import licensing rules, in accordance with the principles prescribed in the Myanmar Investment Law.

The right of foreign service providers to import goods under the Import Notification is subject to certain conditions prescribed in the Import Notification, including that they must not sell the imported goods in Myanmar, and that they will pay a certain sum of money by way of a bond, as required for the Exporter/Importer Registration, with the MOC.

The MOC has gradually been easing its regulations over foreign investors since 2015. In May 2018, it liberalised wholesale and retail trading restrictions for foreign companies. As a result of such measures, import restrictions have been largely eliminated, demonstrating a strong willingness on the part of the Myanmar Government to improve the business environment for foreign investors.

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