



Dear Readers,

Welcome to a new edition of our newsletter!

1. Solar tender

The Ministry of Electricity and Energy on 18th May 2020 published [an invitation to bid for “build, operate, own \(BOO\)” ground mounted solar power plant projects](#) “at designated connection points”. No further details are given as to the location, capacity and expected feed-in price. The concession period will be 20 years from the starting date of commercial operation. The tender forms can be purchased for Ks. 300,000 at the following addresses; the bid submission date is 18th June 2020 (10:00 a.m.).

- (1) Procurement Department, Electric Power Generation Enterprise
Building 27, Nay Pyi Taw; or
- (2) No. 39, Kanner Road, Ahlone Power Station, Ahlone Township, Yangon Region

Enquiries can be made with EPGE under +95-9-797137280 or +95-9-2225181 or epgesolartender@gmail.com.

This may be an implementation of the item, “Expedite solicitation of renewable energy projects after monitoring cost developments to assess the quality of available deals” from the government’s COVID -19 Economic Relief Plan.

Please contact us if you wish to purchase the tender forms.

2. Insurance reforms

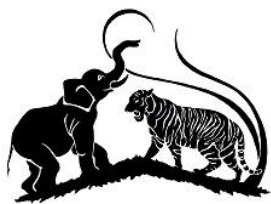
This Insurance Business Regulatory Board recently issued a number of directives to further liberalise the insurance sector

(a) Reinsurance Directive

[Directive No. 4/2020 dated 12th May 2020](#) (scroll down for the English text) for the first time specifies that and how private non-life insurers can reinsure their risks.

We understand that the current situation is as follows:

- Life insurers may reinsure 30% of their risks with Myanma Insurance and the rest with (overseas) reinsurers of their choosing;



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 72 - 19th May 2020

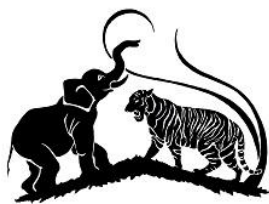
- Myanmar Insurance may reinsure its non-life risks with overseas reinsurers and does so by inviting annual tenders;
- Private general insurers may only insure risks up to Ks. 500 million (approx. USD 360,000) and have to pool higher risks with other private general insurers and Myanmar Insurance; under such a pool arrangement, each private general insurer would underwrite 10% of the exceeding risk and Myanmar Insurance the rest. Naturally, this means that enterprises in Myanmar can currently insure bigger risks only with Myanmar Insurance.

From 1st October 2020, the following rules apply:

- The Reinsurance Directive provides for a 20% compulsory retention for life insurers, but otherwise does not seem to regulate how life insurers may reinsure themselves.
- Non-life insurers may solicit proposals from overseas reinsurers, but have to offer the best proposal to Myanmar Insurance for Myanmar Insurance to match at its discretion. Furthermore, Myanmar Insurance may reinsure 10% of the risk of any insurance segment business (according to its own terms and conditions, we suppose).
- There are cessation limits from 20% to 50% depending on the credit rating of the overseas reinsurer.
- The minimum credit rating of an overseas reinsurer is set at BBB.
- The Insurance Business Regulatory Board may exclude overseas reinsurers if their past claims settlement is found to be unsatisfactory.
- Every insurance company must submit an annual reinsurance programme to the Insurance Business Regulatory Board.

(b) Bancassurance Directive

[Directive No. 2/2020 dated 4th March 2020](#) dated 4th March 2020 allows banks and microfinance institutions to refer customers to insurance companies and engage in the direct sale of insurance policies, provided that (i) they have permission from the Central Bank or the Microfinance Business Supervisory Committee, (ii) a corporate insurance



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 72 - 19th May 2020

agent license from the Insurance Business Regulatory Board, (iii) and at least three licensed insurance agents in its board of directors or management team. They may have agency agreements with up to two life insurers and up to three general insurers.

(c) Directive for Insurance Agents

[Directive No. 1/2020 dated 4th March 2020](#) regulates in detail in particular the licensing procedure for individual and, for the first time, corporate insurance agents and the account settlement process between agent and principal.

(d) Directive for Approval of Insurance Products

We understand that currently, the (private) insurance sector still resembles a medieval guild: All insurance products offered by private insurers are the same. Private insurers may compete through the attentiveness of their service, but not through the terms and conditions and the price of their products.

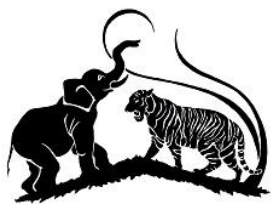
[Directive No. 3/2020 dated 4th March 2020](#) states that an “insurer who intends to introduce any new class of insurance products or amend any approved class of insurance products may submit an application to the Financial Regulatory Department, which shall state that the insurance premium and the terms and conditions of the insurance policies have been prescribed in accordance with actuarial science...”. Maybe this directive will be the starting point of true competition in the insurance sector.

(e) Other directives

[Directive No. 6/2020 dated 12th May 2020](#) introduces three new insurance classes, namely:

- Industrial all risk;
- construction all risk/erection all risk;
- bailee’s liability insurance.

(The insurance classes that may be offered by Myanma Insurance and by private insurance companies in addition are listed in [Directive No. 2/2019 dated 2nd July 2019](#) - scroll down a bit and the classes are displayed in English; the left column with the check marks is for “Myanma Insurance” and the right one for “private insurance companies”.)



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 72 - 19th May 2020

[Directive No. 5/2020 dated 12th May 2020](#) (scroll down for the English text) orders the Japanese insurers in the Thilawa SEZ to stop accepting new business from 1st October 2020 as they are now in joint ventures with local insurers and may solicit business in the entire country.

3. COVID-19

We continuously update our [page with English translations of COVID-19 related announcements](#) (usually, our own translations or texts taken from the Global New Light of Myanmar). Of note, all Union level measures such as the ban on commercial passenger flights that were set to expire on 15th May have been prolonged to 31st May 2020.

Restrictions have been slightly scaled back in Yangon; among others, the curfew time is now set from midnight to 4:00 a.m.

The Ministry of Labour, Immigration and Population published guidelines how enterprises affected by the order to suspend operations until they are checked for COVID-19 compliance [may apply to the Social Security Board](#) for payment of 40% of the salary of their employees.

4. DICA deregistered companies that did not file their annual return

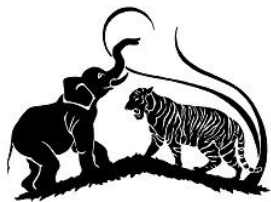
On 9th May 2020, DICA removed 800 or so companies from the register for failure to file the annual return ([list of deregistered companies](#)). It takes quite a while and there are several warnings until this happens, so those of our readers who now feel that they may have unintentionally neglected filing requirements should be safe, but one should check the status of one's company once in a while.

5. Myanmar Investment Directory (MyInDy)

Data of companies with an investment permit or endorsement is now [searchable online](#).

6. Insolvency Law

A new [Myanmar Insolvency Law](#) was enacted on 14th February 2020 (Pyidaungsu Hluttaw Law No. 1, 2020). It entered into force on 25th March 2020 with Notification of the President No. 50/2020, with the exception of the part dealing with cross-border insolvency which will come into force on the date of a separate presidential notification. The implementing Insolvency Rules were issued by the Supreme Court on 28th April 2020 with [Notification No. 321/2020](#).



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 72 - 19th May 2020

It should be noted, though, that the Insolvency Law is not fully in effect yet as it will require implementation not only by the courts, but also by the Directorate of Investment and Company Administration (the “Registrar” in the Insolvency Law) which has not established a new or updated registration system yet. Furthermore, the Myanmar Insolvency Practitioners’ Regulatory Council which is to issue practicing certificates and supervise insolvency practitioners has not been set up yet.

7. Cryptocurrencies

The Central Bank [warns again against the use of cryptocurrencies](#).

8. Electricity and Energy news

(a) [Household electricity subsidies amounted to Ks. 35 million in April](#)

(b) [New power plant in Thaketa to go live after test runs](#)

(c) [Nationwide power production declines](#)

9. Market access and other news

(a) [CVC Capital, Guodong, Axiata in race for Irrawaddy Green Towers stake](#)

(b) [China’s Ant Financial buys stake in Wave Money](#)

(c) [South Korea extends USD 30 million to support Myanmar’s COVID-19 economic relief plan](#)

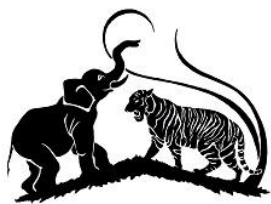
(d) [Myanmar fisheries sector nears collapse as orders tumble](#)

(e) [China pushes BRI projects](#)

We hope that you have enjoyed reading our newsletter and found it useful.

Sebastian Pawlita
Managing Director

Nyein Chan Zaw
Director



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 72 - 19th May 2020

About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

- Sebastian Pawlita, Managing Director
Phone: +95-9-262546284 (English)
E-Mail: sebastian@lincolnmyanmar.com
- Nyein Chan Zaw, Director
Phone: +95-9-790488268 (Myanmar)
E-Mail: nyeinchanzaw@lincolnmyanmar.com

Office address: La Pyi Wun Plaza, Room 409 (4th Floor), 37 Alan Pya Pagoda Road, Dagon Township, Yangon

Web: www.lincolnmyanmar.com