

# Regulations on Relevant Parties in Professional Liability Insurance Contracts for Lawyers – Discussions and Recommendations for Improvement

Nguyen Thi Hanh, MSC – Lawyer.

Tin Nguyen Law Firm, Can Tho, Vietnam

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## ABSTRACT

Professional liability insurance is a necessary coverage for individuals in high-risk professions, including lawyers. Participation in professional liability insurance gives rise to legal relationships among the relevant parties based on an insurance contract governed by law. This article analyses current Vietnamese legal provisions concerning the relevant parties in professional liability insurance contracts for lawyers. It further identifies existing shortcomings in the legal framework and proposes recommendations to enhance the effective practical implementation of professional liability insurance for lawyers.

**Keywords:** Relevant parties; insurance contracts; professional liability insurance contracts; lawyers

## INTRODUCTION

Throughout history, the legal profession has played a vital role in safeguarding justice, protecting human rights, and promoting the secure functioning of civil and commercial transactions. In modern society, the requirements governing lawyers' professional responsibility have become increasingly stringent and exacting. The provision of legal services involves highly specialised intellectual work, requiring the application of legal knowledge and professional skills in complex situations, and therefore carries the potential to cause significant harm to clients and related parties. In this context, professional liability insurance for lawyers serves as an important legal and financial mechanism to ensure compensation for damages and to strengthen public confidence in the profession.

The current Vietnamese legal system recognises professional liability insurance for lawyers through various relevant statutes, including the 2022 Law on Insurance Business, the 2006 Law on Lawyers, and the 2015 Civil Code, as well as their guiding instruments. However, these provisions are set out across different legislative documents, reflecting approaches that are not entirely consistent and still contain a number of shortcomings and inadequacies, particularly with respect to the body of legal norms governing the parties to professional liability insurance contracts for lawyers. Accordingly, this article examines the legal norms governing the relevant parties in professional liability insurance contracts for lawyers. On the basis of clarifying the legal nature, rights, and obligations of each party within the structure of such insurance contracts, the article analyses the limitations of the current legal framework, especially regarding the compulsory nature of this type of insurance, its enforceability, and the protection of the rights of injured third parties. From this analysis, the article advances recommendations for legal improvements to enhance the consistency, transparency, and feasibility of the law, thereby developing professional liability insurance for lawyers into an effective protective mechanism that is consistent with the evolving demands of the legal profession and that safeguards the public interest.

## Content

### General Overview of Professional Liability Insurance for Lawyers

Globally, there are four primary types of insurance: commercial insurance, social insurance, health insurance, and unemployment insurance. These types share a common objective: mitigating risks and providing financial compensation for losses under the law of large numbers. Among them, commercial insurance has the earliest

historical origin. The scope of commercial insurance is broad, covering property, civil liability, human life, health conditions, and events related to human longevity. Within each category, various specific lines of insurance business may be developed<sup>1</sup>. Among these lines, professional liability insurance falls under the category of civil liability insurance. It is particularly necessary for professions requiring a high level of expertise and responsibility, where professional activities inherently involve significant risks.

The legal profession is one of the occupations characterised by a high degree of responsibility and considerable legal risk. Therefore, participation in professional liability insurance is necessary and meaningful for lawyers, legal practice organisations, and third parties. Professional liability insurance for lawyers is understood as a line of insurance under which a lawyer or a legal practice organisation pays an insurance premium to an insurer, in return for the insurer's commitment to indemnify third parties for damage suffered and to cover other legal expenses arising from a lawyer's breach of professional obligations in the course of providing legal services to clients. This definition indicates that, in addition to the general characteristics of insurance, professional liability insurance for lawyers possesses distinctive features, including:

Firstly, the (principal) subject matter insured under professional liability insurance for lawyers is the civil liability of the lawyer toward third parties who suffer damage as a result of the lawyer's professional activities. This characteristic clearly explains the nature of the obligation transferred to the insurer. Accordingly, the insurer assumes liability only for the lawyer's civil liability toward injured third parties arising from the lawyer's professional conduct. In this context, third parties may include the lawyer's clients, clients of a legal practice organisation, or other individuals and organisations who, despite having no client relationship, suffer damages caused by the lawyer's professional activities. The reason insurers cover only civil liability risks arising from professional practice, rather than other forms of legal liability, lies in "the fundamental principles of commercial insurance: insured risks must not contravene moral or legal standards, and the resulting damage must be quantifiable in monetary terms"<sup>2</sup>. Accordingly, the term "risk" in professional liability insurance for lawyers refers to legal risks associated with the lawyer's civil liability toward injured third parties.

Secondly, professional liability insurance for lawyers is often compulsory. The fundamental purpose of liability insurance in general is to ensure financial stability for the insured, protect the rights and interests of injured parties, and thereby safeguard public interests and social security. The provision of legal consultation constitutes an intellectual service that may cause substantial financial loss and is therefore considered one of the three principal categories of activities commonly subject to compulsory insurance<sup>3</sup>.

Thirdly, professional liability insurance for lawyers distinguishes between the insured and the beneficiary of insurance proceeds. The purpose of professional liability insurance is to enable the insurer to use the insurance fund, contributed collectively by policyholders, to share the financial liability of lawyers toward third parties who suffer damage arising from their professional activities. Accordingly, within the framework of a professional liability insurance contract for lawyers, the insured is the lawyer, whereas the beneficiary of the insurance proceeds is the third party who has sustained damage arising from the lawyer's professional conduct. The beneficiary maintains only an indirect relationship with the insurer.

To ensure the role of professional liability insurance for the parties involved, the State employs its regulatory instruments – namely, legal norms – to intervene in lawyers' professional liability insurance activities. Accordingly, numerous legal norms are set out in relevant statutes, such as the Law on Insurance Business, the Law on Lawyers, and the Civil Code, as well as in implementing guidelines.

To facilitate accessibility, this collection of legal norms can be categorised into groups with distinct functions. Under this approach, the law on professional liability insurance for lawyers is structured into several groups of legal norms that regulate activities in this field. One such approach focuses on the structure of law regarding professional liability insurance contracts for lawyers, which comprises the following primary groups of norms: (1) *The group of legal norms concerning the relevant parties to professional liability insurance contracts for*

<sup>1</sup> Vuong, N.V. (2006). *Giao trình Kinh tế bảo hiểm*. Ha Noi: Labour Publishing House. p.17, 18.

<sup>2</sup> Vuong, N.V. (2006). *Giao trình Kinh tế bảo hiểm*. Ha Noi: Labour Publishing House. p. 244.

<sup>3</sup> Dinh, N. V. (2012). *Giao trình bảo hiểm (First revised and expanded edition)*. Ha Noi: National Economics University Publishing House. p. 303.

*lawyers*: This group of norms serves to identify the subjects eligible to participate in professional liability insurance contracts for lawyers and the specific conditions required for these subjects to participate in the insurance contractual relationship. In addition to the two principal parties, other parties relevant to professional liability insurance contracts for lawyers are also addressed; (2) *The group of legal norms governing the conclusion and performance of professional liability insurance contracts for lawyers*: This group serves to determine the processes and procedures for contract entry, the content and form of the contract, and the implementation process of professional liability insurance contracts for lawyers; (3) *The group of legal norms governing the settlement of disputes arising from professional liability insurance contracts for lawyers*: This group provides for mechanisms to resolve disputes arising from professional liability insurance contracts for lawyers. Although these groups of legal norms perform different functions, they are closely interconnected and operate in a unified legal framework governing professional liability insurance for lawyers. Within the scope of this article, the author focuses exclusively on the group of legal norms governing relevant parties in professional liability insurance contracts for lawyers.

### **Legal Regulations Governing the Relevant Parties in Professional Liability Insurance Contractual Relationships for Lawyers**

Under the 2022 Law on Insurance Business, professional liability insurance for legal advisory activities has been removed from the list of compulsory insurance lines<sup>4</sup>. Instead, the 2022 Law on Insurance Business permits specialised legislation (the Law on Lawyers) to determine whether professional liability insurance is compulsory for legal advisory activities (Point d, Clause 2, Article 8 of the 2022 Law on Insurance Business). A review of the 2006 Law on Lawyers (as amended and supplemented in 2012 and 2015) shows that professional liability insurance is regarded as compulsory for lawyers working within legal practice organisations, as well as for lawyers practising in individual practice whose employment contract includes an agreement to purchase such insurance. Specifically, the 2006 Law on Lawyers (as amended and supplemented in 2012 and 2015) provides in Clause 6, Article 40 that legal practice organisations must “*Purchase professional liability insurance for the lawyers of their organisation in accordance with the law on insurance business*”. In addition, Clause 2, Article 49 stipulates that “*where the employment contract so provides, a lawyer practising in an individual capacity must obtain professional liability insurance for his or her professional activities in accordance with the law on insurance business*”.

To fulfil the obligation to obtain professional liability insurance, legal practice organisations and lawyers must enter into a professional liability insurance contract with an insurance enterprise. Such a contract must satisfy the general requirements applicable to insurance contracts. According to Clause 16, Article 4 of the 2022 Law on Insurance Business, an insurance contract is an agreement between the policyholder and the insurer, whereby the policyholder is obliged to pay insurance premiums, and the insurer is obliged to indemnify or pay insurance proceeds in accordance with the terms agreed in the contract. This definition clarifies that a lawyer’s professional liability insurance contract involves the following parties: the policyholder and the insurer.

#### **The first party involved: the policyholder.**

The general provision of the 2022 Law on Insurance Business stipulates that the policyholder (an organisation or individual) enters into an insurance contract with an insurance enterprise and pays the insurance premium (Clause 24, Article 4 of the 2022 Law on Insurance Business). Accordingly, the policyholder of professional liability insurance for lawyers shall pay an insurance premium to the insurance enterprise on the basis of having executed a professional liability insurance policy for lawyers.

Firstly, if a lawyer works for a law office or a legal practice organisation, such law practice organisation bears the (compulsory) responsibility to purchase professional indemnity insurance for the lawyers within its organisation<sup>5</sup>. The mandatory requirement to purchase professional liability insurance for lawyers is consistent with the laws of many countries and ensures the nature and purpose of this type of insurance in relation to the professional practice of lawyers in particular and the operation of legal practice organisations in general.

<sup>4</sup> Previously, pursuant to Point (b), Clause 2, Article 8 of the 2000 Law on Insurance Business (as amended and supplemented in 2010 and 2019), professional liability insurance for legal advisory activities was classified as a compulsory type of insurance.

<sup>5</sup> Clause 6, Article 40 of the 2006 Law on Lawyers (as amended and supplemented in 2012 and 2015).

Secondly, the policyholder may also be a lawyer practising in an individual capacity. Unlike lawyers working for legal practice organisations, lawyers practising individually are not mandated to obtain professional liability insurance for themselves in all circumstances. They are only required to participate in insurance when the employment contract is concluded with an agency or organization that is not a legal practice organisation and contains such an agreement. In such cases, the lawyer practising in an individual capacity is also responsible for paying their own insurance premiums<sup>6</sup>.

Failure of a lawyer to obtain professional liability insurance may result in administrative sanctions. Government Decree No. 82/2020/ND-CP dated July 15<sup>th</sup>, 2020 on sanctioning of administrative violations in the field of judicial assistance; judicial administration; marriage and family; civil judgment enforcement; bankruptcy of enterprises and cooperatives (hereinafter referred to as Decree No. 82/2020/ND-CP) provides for a fine ranging from VND 7,000,000 to VND 10,000,000 for a lawyer practising in an individual capacity where his or her employment contract contains an agreement requiring the purchase of professional liability insurance but such insurance is not obtained (Point đ, Clause 3, Article 6 of Decree No. 82/2020/ND-CP). Regarding law practice organisations that fail to purchase full professional liability insurance for their lawyers, they shall also be penalised with a fine of VND 10,000,000 to VND 15,000,000 (pursuant to Point m, Clause 2, Article 7 of Decree No. 82/2020/ND-CP).

In order to enter into a professional liability insurance contract, a lawyer practising in an individual capacity must possess legal capacity (the capacity recognised by law to hold certain legal rights and obligations when participating in a professional liability insurance contractual relationship<sup>7</sup>) and civil act capacity (the ability of the lawyer, through his or her own acts, to establish and perform rights and obligations within such contractual relationship<sup>8</sup>). Legal capacity and civil act capacity are likewise required for legal practice organisations. Similarly, the legal capacity of a legal practice organisation refers to its capacity, as recognised by law, to hold certain rights and obligations under a professional liability insurance contract. Such capacity arises from the time the organisation is registered in the practice registration register and terminates upon the law practice organisation ceasing its operations<sup>9</sup>. As for civil act capacity, a legal practice organisation exercises such capacity through the civil act capacity of its lawful representative. Since a legal practice organisation is not a biological individual and lacks psycho-physiological life, it lacks cognitive ability and volition in the same manner as a natural person. Therefore, to ensure the validity of insurance contracts and other transactions concluded by organisations, the laws of various countries generally require that the lawful representative of an organisation must have full civil capacity.

Neither the legislation on insurance business nor the current provisions of the Law on Lawyers contain any clause indicating that professional liability insurance for lawyers may be purchased by another entity. In practice, however, Official Letter No. 3103/BTP-BTTH issued by the Ministry of Justice on July 14<sup>th</sup>, 2014 providing guidance on the implementation of the obligation to obtain professional liability insurance for lawyers (hereinafter referred to as Official Letter No. 3103/BTP-BTTH) indicates that the Ministry of Justice permits “*a Bar Association to organise the purchase of professional liability insurance for its member lawyers, following the methods implemented by the Bar Association of Dak Lak Province and the Bar Association of Lam Dong Province. On the basis of reaching consensus with legal practice organisations headquartered in the locality and with member lawyers, the Bar Association shall contact an insurance enterprise offering professional liability insurance for lawyers and carry out the purchase of such insurance for its members*”. The above content of Official Letter No. 3103/BTP-BTTH may be understood to mean that the purchaser of insurance for lawyers is the Bar Association. Given its supervisory responsibility over the compliance of its members with the obligation to obtain professional liability insurance<sup>10</sup>, it is reasonable that, where there is consent (which may be construed as authorisation) from legal practice organisations and lawyers practising in an individual capacity, the Bar Association acts as the policyholder in the professional liability insurance contract. Nonetheless, such practice needs to be officially permitted by law through formal recognition under specialised legislation.

<sup>6</sup> Clause 2, Article 49 of the 2006 Law on Lawyers (as amended and supplemented in 2012 and 2015).

<sup>7</sup> Clause 1, Article 16 of the 2015 Civil Code.

<sup>8</sup> Article 19 of the 2015 Civil Code.

<sup>9</sup> Clauses 2 and 3, Article 86 of the 2015 Civil Code.

<sup>10</sup> Clause 8, Article 61 of the 2006 Law on Lawyers (as amended and supplemented in 2012 and 2015).

## The second party involved: the insurer

The insurer is an insurance enterprise that provides professional liability insurance for lawyers. Pursuant to Clause 17, Article 4 of the 2022 Law on Insurance Business, “an insurance enterprise refers to an enterprise that is established, managed, and run in accordance with this Law and other relevant laws to do business in the insurance, reinsurance, and reinsurance cession sectors”. The organisational forms of an insurance enterprise include a joint-stock company and a limited liability company (Article 62 of the 2022 Law on Insurance Business). As a commercial legal entity, an insurance enterprise must also satisfy the requirements of legal capacity and civil act capacity in order to enter into a professional liability insurance contract. The legal capacity of an insurance enterprise arises upon its lawful establishment and terminates upon the cessation of its operations. Its civil act capacity is exercised through the civil act capacity of its lawful representative, including its legal representative and authorised representative (Article 85 of the 2015 Civil Code).

In addition to the two principal parties who directly enter into the insurance contract, as mentioned above, the insured and the third party are also relevant parties in a professional liability insurance contract for lawyers.

*Firstly*, the insured in this context is understood to be the lawyer whose civil liability is covered under the insurance contract<sup>11</sup>. Where the policyholder is a legal practice organisation, the insured is a distinct party. Where the policyholder is a lawyer practising in an individual capacity, the insured is the lawyer themselves.

*Secondly*, the third party refers to organisations or individuals who are entitled to receive compensation under the insurance contract when an insured event, as stipulated in the contract concluded between the policyholder and the insurer, occurs. There is no binding relationship between the third party and the insurer under the insurance contract. The contractual relationship exists solely between the policyholder and the insurer; the third party does not have the direct right to claim indemnity from the insurer, unless otherwise provided by law<sup>12</sup>. Accordingly, unless there are other legal provisions, the third party only has the right to claim compensation from the insured.

Regarding the direct receipt of compensation, Article 61 of the 2022 Law on Insurance Business stipulates that an insurance enterprise “may provide compensation directly to the insured or to the injured third party” based on the request of the insured. Although the third party may receive compensation directly from the insurer only upon the insured's request, this provision reflects a progressive development in the law. By allowing compensation to be paid directly to the third party without additional procedural steps – rather than paying the insured, who then compensates the third party – this regulation enables the third party to recover from hardships more swiftly and stabilise their life sooner. Therefore, the provision is both progressive and practical, as it ensures the timely protection of the rights and interests of third parties who suffer damage arising from the insured's professional activities.

## Some Limitations and Recommendations for Improving the Legal Provisions on Relevant Parties in the Professional Liability Insurance Contract for Lawyers

### Limitations

*Firstly*, the current legislation permits a certain group of lawyers practising in an individual capacity to avoid obtaining professional liability insurance if their employment contracts do not contain an agreement requiring such insurance. This approach differs significantly from the spirit of the 2006 Law on Lawyers prior to its amendments and supplements, under which 100% of practising lawyers – whether working for a legal practice organisation or practising individually – were required to participate in professional liability insurance. Considering the purpose and necessity of lawyers' professional liability insurance, the current regulation appears to represent a regression in the legal framework governing insurance. It weakens the establishment of a protective safeguard designed both to protect practising lawyers and to ensure the protection of third parties' rights and interests. There should be no distinction between lawyers practising within an organisation and those practising as individuals. Regardless of the setting, the nature of their professional activities remains fundamentally the

<sup>11</sup> Clause 25, Article 4 of the 2022 Law on Insurance Business.

<sup>12</sup> Clause 2, Article 58 of the 2022 Law on Insurance Business.

same: the application of specialised legal knowledge and professional skills to provide legal services – activities that inherently involve potential risks.

*Secondly*, although the law provides for administrative sanctions for failure to obtain professional liability insurance as required, the penalty levels prescribed under Decree No. 82/2020/ND-CP remain relatively low. The maximum fine is VND 10,000,000 for lawyers practising in an individual capacity and VND 15,000,000 for legal practice organisations. Such penalties have yet to create a sufficient deterrent effect to ensure compliance with the obligation to obtain professional liability insurance.

*Thirdly*, the effectiveness of fulfilling the obligation to obtain professional liability insurance for lawyers remains limited. One reason is that certain obligated entities have not paid adequate attention to compliance. Another reason is that this line of insurance involves significant risks, while the legal framework remains insufficiently robust and the market still faces numerous obstacles, making this type of insurance product unattractive for insurers to invest in. The number of domestic insurance enterprises offering professional liability insurance for lawyers remains limited and unevenly distributed across cities and provinces. The highest concentration of such enterprises is found in Ho Chi Minh City, followed by Hanoi and Da Nang, while many other localities have significantly fewer providers – some having only one enterprise<sup>13</sup>. This situation partly explains the difficulties faced by legal practice organisations and lawyers practising in an individual capacity in identifying suitable insurance enterprises with which to conclude insurance contracts. Practical experience in Vietnam has demonstrated the effectiveness of Bar Association participation in purchasing professional liability insurance, as evidenced by the methods implemented by the Bar Associations of Dak Lak Province and Lam Dong Province. Based on this practical effectiveness, the Ministry of Justice issued Official Letter No. 3103/BTP-BTTH, guiding Bar Associations that they may “*liaise with insurance enterprises offering professional liability insurance for lawyers and carry out the purchase of such insurance for their members,*” “*on the basis of reaching consensus with legal practice organisations headquartered in the locality and with member lawyers*”. Accordingly, to create a more proactive environment and promote broader, more comprehensive, and more uniform participation among practising lawyers, it appears reasonable to recognise Bar Associations as potential policyholders. However, this has not yet been formally recorded in current legal instruments.

*Fourthly*, apart from the principal parties to the insurance contract – namely the policyholder and the insurance enterprise – the legal provisions governing the rights of relevant parties, particularly injured third parties, differ from those in the legal frameworks on lawyers’ professional liability insurance of several advanced nations, such as France and the UK. The laws of these two countries extend the right to claim compensation from the insurer to injured third parties, in addition to the insured<sup>14</sup>. Vietnamese law does not recognise a third party’s right to claim indemnity directly from the insurance enterprise. Such a right may only be exercised by the insured in accordance with the terms of the insurance contract. The failure to recognise the right of an injured third party to directly request compensation from the insurer constitutes a limitation of the current Vietnamese legal framework. Ultimately, the value of professional liability insurance lies not only in protecting lawyers’ financial interests but also in ensuring that the damage suffered by third parties arising from lawyers’ professional activities can be remedied, allowing them to stabilise their lives promptly and swiftly. Therefore, denying injured third parties the right to directly claim against the insurance enterprise significantly affects their interests. The timeliness of damage remediation may not be guaranteed, thereby undermining the significance and value of insurance activities in certain cases. This issue becomes particularly evident in cases where the insured has died or where a legal practice organisation has ceased operations, even though damage had previously been caused to a third party in the course of the lawyer’s professional practice.

<sup>13</sup> Official Letter No. 3103/BTP-BTTH issued by the Ministry of Justice on July 14<sup>th</sup>, 2014 providing guidance on the implementation of the obligation to obtain professional liability insurance for lawyers.

<sup>14</sup> France: The National Assembly (2002). *French Insurance Code*. (French law of insurance intermediation mostly originates in transposition of EU Directive 2002/92 of 9 December 2002 on insurance intermediation. The directive was transposed by law no. 2005-1564 of 15 December 2005 and Decree No. 2006-1091 of 30 August 2006, whose provisions have been codified in the French Insurance Code (‘FIC’));

The UK: Third Parties (Rights against Insurers) Act 2010 recognizes the right of third parties to claim compensation as an exception in certain specific and limited circumstances, thereby facilitating third parties in bringing claims directly against insurers where the insured is unable to fulfill their obligations (e.g., due to insolvency).

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## RECOMMENDATIONS

In order to address the aforementioned limitations, several directions for legislative amendment and supplementation should be considered as follows:

Firstly, in order to ensure fairness among practitioners and to safeguard the practical interests of all parties when lawyers participate in professional liability insurance, the Law on Lawyers should be amended to require lawyers practising in an individual capacity to obtain professional liability insurance in all circumstances. Accordingly, Clause 2, Article 49 of the 2022 Law on Insurance Business should be revised as follows: “2. A lawyer practising in an individual capacity must obtain professional liability insurance for his or her professional practice in accordance with the law on insurance business.”

Secondly, it is recommended that the administrative fines for legal practice organisations and individual practitioners who fail to obtain professional liability insurance be increased to more than three times the current rates. Under the existing regulations, the maximum fine for a legal practice organisation is only VND 5,000,000 higher than that for an individual practitioner. However, depending on its scale and structure, a legal practice organisation may comprise numerous lawyers. Consequently, a violation committed by such an organisation may entail greater risk and broader potential impact than a violation committed by an individual lawyer. The degree of risk may also vary according to the number of lawyers within the organisation. Therefore, in order to ensure a more proportionate differentiation in sanctions, the maximum fine applicable to legal practice organisations should be set significantly higher than that imposed on individual lawyers, for example, two or three times higher. In summary, shifting toward much stricter sanctions will foster proactive compliance among obligated entities, ensuring that the mandatory requirement to obtain professional liability insurance is effectively implemented in lawyers’ professional practice.

Thirdly, in addition to legal practice organisations and lawyers practising in an individual capacity, Bar Associations should be formally recognised as potential contracting parties to professional liability insurance contracts for lawyers, provided that they have the consent of the relevant legal practice organisations and individually practising lawyers. Through its mechanism for supervising members, the Bar Association can swiftly grasp the situation and challenges its members face, thereby providing more timely and effective support. In such cases, the Bar Association would serve as the focal point and representative in negotiating the insurance contract with the insurance enterprise. The advantage of this proposal lies in ensuring that the enforcement of the Law on Lawyers is effectively guaranteed in practice, in a uniform, regular, and timely manner. Therefore, this content should be incorporated into the provisions on the duties and powers of the Bar Association under Clause 8, Article 61 of the current Law on Lawyers, immediately following the duty and power to “supervise the procurement of professional liability insurance by lawyers”.

*Fourthly*, Vietnamese law should recognise the right of an injured third party to claim compensation directly from the insurer to facilitate the effective enforcement of compensation claims, thereby enabling the timely remediation of damages and the stabilisation of the third party’s life. Expanding such rights would also help ensure the principle that the party causing damage must provide compensation. Accordingly, Clause 2, Article 58 of the 2022 Law on Insurance Business should be amended as follows: “*a third party shall have the right to directly request the insurer or the foreign non-life insurance enterprise’s branch to pay compensation in accordance with the law*”.

## CONCLUSION

Regulations on relevant parties in professional liability insurance contracts for lawyers constitute an integral component of the legal framework governing lawyers’ professional liability insurance. The solutions proposed in this paper, if promptly codified and effectively implemented, would address the existing legal shortcomings and gaps. This would enable professional liability insurance for lawyers to fully realise its protective function, not only for lawyers and legal practice organisations but also as a mechanism to safeguard clients’ rights and interests, thereby contributing to the development of a comprehensive, fair, and transparent legal system.

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