

Factsheet microinsurance business model

Vietnam: Delivering Microinsurance to Women by Viet Nam Women's Union: The Role of Regulation in Pilot Testing

The challenge

Vietnam is a developing country which has more than 60 million people¹ living in the countryside, most are low income. Different kinds of risks affect the communities. Access to insurance products is low due to the high cost of premium and complexity of the products. The insurance enterprise is still focused on the medium and high income population in Vietnam. Insurance companies have difficulties selling micro insurance with low tariff due to the high cost of delivery and operations.

Currently, there is no legal framework on microinsurance in Vietnam. Some informal organizations provide microinsurance to the poor and low income based on the directive given by the Prime Minister (PM) and the guidelines of the Ministry of Finance (MoF). Insurance companies that provide microinsurance follow the Law on insurance business in Vietnam.

Enabling policies and regulations

It is challenging for enterprises to follow the law on insurance business when providing microinsurance in Vietnam.

In order to tackle the problem, the Prime Minister (PM) allowed socio-political organizations such as Vietnam Women's Union to provide microinsurance to their members through its very own Micro finance organization TYM (Tinh Thuong Microfinance Institution).

¹ According to Vietnamese report on social and economic situation on 6 months of 2016

Following the letter of the PM, the Ministry of Finance issued a letter No. 10418/BTC-QLBH dated 29/7/2014 that provides the guidelines for Vietnam women's union on microinsurance particularly:

- Products: 4 types of products: health insurance, term life insurance, micro pension and credit life insurance.
- Reserve: how to calculate the reserves for insurance products.
- Risk management: gives requirements on management and finance systems.
- Reports

The Micro Insurance Fund was established under the Vietnam Women's Union Presidium Decision No 437/QD-DCT dated September 22, 2015. The Micro-Insurance Unit served as the provider of responsive micro-insurance products and services for the clients of TYM.



The microinsurance product originated from all of the best practices and experiences of the VWU pilot microinsurance

This factsheet is jointly produced and published by the Vietnam Ministry of Finance Insurance Supervisory Authority, Women's Union, and the German Development Cooperation - Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia (GIZ-RFPI Asia) for the MEFIN Network, a collegial body of insurance policy makers and regulators in Asia. RFPI Asia is the Secretariat of MEFIN Network.

project “ Mutual Assistance Fund” operations from 1996-2012. It aims to continue the direct provision of microinsurance products to women through TYM in 10 provinces of Vietnam and to all social funds under the Vietnam Women’s Union.

Currently, TYM has offered 1 product with details as follows:

Particular	Credit-Life Insurance
Annual premium	0.4% of sum insured per annum
Sum insured/risk	Credit-Life
Enrolment	Women’s team
Coverage	Maximum of 2 policies per insured depending on loan availment

Product Distribution

Credit Life Insurance is distributed through TYM as a microinsurance partner-agent. From the beginning of its pilot test on 15th of June 2016, the Micro Insurance Fund has been touted as community-based financial support rather than a financial product aimed for mitigating key risks factors being faced by poor households. At the end of 2016, the Fund has **54,233 insured clients** with **19 payout cases** insuring a total benefit payment of **294 million VNDs**.

Operations: Distributing microinsurance to the Women’s team at the local level is one of the TYM’s activities. TYM introduces microinsurance products and its process to their members. Insurance premiums are also collected by TYM staff.

When TYM clients borrow money, they voluntarily buy the credit life insurance. Whenever the claim arises, TYM will inform the Micro Insurance Fund and immediately settle the same upon completion of needed documents. The settlements are usually done as quickly as within 3 – 7 days since all of the needed requirements are simple and its procedures are convenient.

Women’s Union

The Vietnam Women’s Union (VWU) is one of the 5 biggest socio-political organizations in Vietnam representing the legal and legitimate rights and interests of Vietnamese women. It was founded in 1930 and has more than 15 million members. VWU has branches all over the country.²

The mission of the Vietnam Women’s Union is to promote the development and equality of women. Activities of the Women’s Union are diversified, for example:

1. To raise awareness and educate women about politics, ways of thinking, revolutionary ideology, morality, lifestyle; the line and stance of the Party, and the policies and laws of the State.
2. To encourage women across all levels of society to proactively implement the line of the Party and the policies and laws of the State, to participate in building the Party and State, and in socio-economic development and national defense; to encourage and support women to enhance their capacity and knowledge, and to build happy families; and improve the material and spiritual life of women.
3. To participate in advising, proposing, formulating, giving social counter-arguments on, and supervising of the implementation of the line of the Party and the policies and laws of the State concerning the legitimate and legal rights and interests of women, family and children.
4. To build and develop a strong VWU organization.
5. To unite and enter into cooperation with women of other countries, and progressive organizations and individuals in the region and in the world for equality, development, and peace.

²

<http://hoilhpn.org.vn/newsdetail.asp?CatId=66&NewsId=21276&lang=EN>

Photo: <http://tymfund.org.vn/news-38-141/social-security-assurance--people-newspaper-published-on-november-21-2012/>

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