Asia Pacific Insurance - Vietnam

Digitalization in Insurance Guide

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# Is there any specific regulation governing the sale of insurance through online platforms?

There is no single comprehensive or specific law on sale of insurance through online platforms. Decree No. 73/2016/ND-CP allows the sale through online platforms to be one of the insurance product distribution channel. However, there is no further guidance on the sale of insurance product via this channel.  
  
We also note that Decree No. 52/2013/ND-CP and its implementing regulations on e-commerce activities explicitly exclude e-commerce websites and applications operating in insurance business from their scope of application.

# Is the sale of insurance through mobile applications subject to the same requirements as the online sale?

There is no single comprehensive or specific law on sale of insurance through online platforms.  
  
The law provides that the sale of insurance products via electronic means is considered a distribution channel. The sale of insurance through mobile applications may be considered the sale via electronic means. Therefore, the sale of insurance through mobile applications may be treated as same as the online sale. However, this is untested in practice given the lack of regulation on online sale.  
  
As stated above, we also note that Decree No. 52/2013/ND-CP and its implementing regulations on e-commerce activities explicitly exclude e-commerce websites and applications operating in insurance business from their scope of application.

# Set out three key regulatory requirements for the distributions of products online or through mobile applications.

There are no specific regulations on online sale of insurance products, therefore, there are no requirements for the distributions of products online or through mobile applications. It appears that the requirements applying to the insurer for the distribution of products online or through mobile applications will be same as the requirements for an insurer to distribute the insurance product via other channels.

Under Law on Insurance Business and its guiding documents, there are certain requirements on an insurance product to be sold, for example:

Life insurance products and health insurance products must be approved by the MOF before being sold;

For non-life insurance products:

For automobile insurance products, their policy wordings and premium schedules must be registered with the MOF before being sold;

For other non-life insurance products, the insurers can formulate the policy wordings and premium schedules at their own discretion.

Insurers must announce the information about the insurance products permitted to be sold, including: Policy wordings, premium schedules, insurance request forms and documents related to the execution and implementation of insurance contracts on the websites of the MOF, the Insurance Association of Vietnam and the Insurers.

# Do the current insurance regulations in your jurisdiction allow the KYC process be done online or electronically? If so, what are the key requirements?

There is no specific insurance regulation allowing the KYC process be done online or electronically.

Note that Vietnamese law requires a face-to-face contact for new clients in case of "transactions relating to new technology". Under the Decree No. 116/2013/ND-CP guiding Anti-Money Laundering Law, "transaction relating to new technology" is defined as "transaction using technology which allows the customer to conduct the transaction without face-to-face meeting with the staff of the reporting entity". As such, it is arguable that the sale of products through online platform can be considered a "transaction relating to new technology". If so, AML regulations still requires insurance company to have a face-to-face contact with the customer when it is the first time of setting up the contractual relationship with the customer and to request the customer to provide required information for KYC purpose (Article 8.1, Decree No. 116/2013). It appears that this regulation implies that for new customers for insurance, insurers are required to have face-to-face contact at least one time, whether or not the insurers’ sale of insurance products and the channel they use is considered a "transaction relating to new technology".

# Do the insurance regulations permit insurance policies/contracts to be concluded through digital means? For example, through a “click-through” or “e-signature”, without any wet signature.

Under the Law on Insurance Business, sale via electronic means is an allowed distribution channel of an insurance company. However, there has not been any further guidance on this distribution channel yet. The lack of detailed guidance makes it unclear on how a proper sale of insurance via electronic means should be.

E-contract and e-signatures, including "confirmation" click-through process (e.g., by ticking a box), and acceptance through conduct (e.g., use of site), are generally accepted. Vietnamese law provides that there shall be no discrimination between physical documents with pen-and-paper signatures and electronic documents, including "click-through" agreements. That said, if there is any dispute regarding the validity and enforceability of a electronic agreement (such as "click-through" agreement), the validity as evidence of such agreement shall be determined based on the reliability of the method by which the agreement was generated, stored or communicated; the method to ensure and maintain the integrity of the agreement; the method by which its originator was identified, and any other relevant factors. (Article 14, E-Transaction Law).

# Is there any specific regulation governing the advertising of insurance products through online platforms or the use of aggregators?

No. There is no specific regulations from insurance business law perspective on advertising of insurance products through online platforms. Advertising of insurance products through online platform is subject to the same regulation as advertising through other means. The use of aggregators is not specifically regulated under Vietnamese laws.

# Are there any customer service requirements if the insurers sell their products online?

There is no specific regulations on customer service requirements if the insurers sell their products online. The insurers should comply with general regulations on provide information to the customers under the Law on Insurance Business. For example, the insurers have the responsibility to fully supply information on the insurance contracts and explain terms and conditions to the customer; and the insurers have to keep confidential the information supplied by the customer.

# If an obligation is imposed on insurers to allow customers to amend or update their policies online, are there any specific regulatory requirements governing that process?

There is no such obligation imposed yet.

# Are insurers required to apply for specific insurance licenses in order to conduct online sales?

No. There are no specific regulations on online sales of the insurers. In practice, certain insurers still sell their insurance products via online channel with their current insurance licenses but that practice is limited to a few simple products that do not require endorsement given the lack of guidance in the law on this distribution channel.

# In order to conduct online sales, are insurance intermediaries required to apply for any specific insurance licenses?

No. There are no specific regulations on online sales of the insurance intermediaries.

# Are there specific requirements on the commission rates paid to insurance intermediaries for online sales? Please specify if these rates are different from the rates applicable in the case of insurance sale through other means.

There is no specific regulations on online sales of the insurance intermediaries. Circular No. 50/2017/TT-BTC specifies the commission rates for the insurance brokers and there is no distinction on the commission rates paid between online sales and other means.

# Where the insurers do not engage in online insurance sales themselves, but engage intermediaries to do so, would the insurers be deemed as offering or selling insurance products online?

No. There are no specific regulations on online sales of the insurers, therefore, it is uncertainty whether the insurers would be deemed as selling insurance products online where the insurers engage intermediaries to sell insurance products online.

Under the Law on Insurance Business and its guiding documents, although the insurers do not directly conduct the online sale, the insurers will be responsible for the sale of insurance products conducted by the intermediaries (e.g., agents).

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