

Developing Micro-Insurance to Expand the Scope of Social Security for the Informal Economy in Vietnam



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ABSTRACT: Social security is considered a fundamental means to reduce poverty, eliminate social exclusion and promote social cohesion, but the majority of workers in the informal economy are still deprived of the right to social security. Many studies show that microinsurance programs have a strong potential to reach actors in the informal economy and mobilize additional resources for social protection; microinsurance is effective in reducing vulnerability to risks, enhancing the ability to protect participants, and contributing to reducing income poverty as well as reducing multidimensional poverty. Developing micro-insurance contributes to social security, hunger eradication, poverty reduction, and promoting financial inclusion. The article used data collection methods, methods of analysis, synthesis, comparison, and contrast from secondary data sources, clarifying the theoretical basis for micro-insurance development to expand the scope of social security for the informal economy, international experience and the current status of micro-insurance implementation in Vietnam. The article also offers some recommendations/policy suggestions to develop microinsurance in Vietnam shortly.

KEYWORDS: micro-insurance, social security, informality, Vietnam

1. INTRODUCTION

Social protection is considered a fundamental means to reduce poverty, eliminate social exclusion and promote social cohesion. There is growing evidence in developing countries of the important contribution of social protection to improving access to health, education and productive economic opportunities, reducing child labor and promoting push the poorest members into the labor market. However, in reality, a large segment of the population in developing countries does not enjoy any social security protection or is only partially covered (Beattie, 2000). Van Ginneken (2003) demonstrated that low levels of social security coverage are due to low financial resources available to social classes, especially in low-income countries. Until recently, efforts to reduce the exclusion of workers in the informal economy have shown limited results in practice. Despite being exposed to greater risk and uncertain income, the majority of workers in the informal economy are still deprived of social security benefits. Lack of social protection is a major factor contributing to their social exclusion and poverty. The 2020 Asia-Pacific Employment and Social Outlook Report of the International Labor Organization (ILO) shows that about 22 to 25 million people in the region could fall into poverty due to the impact of the COVID-19 pandemic. These are vulnerable subjects in society, sensitive to risks that need insurance but do not have access to conventional commercial insurance products.

Many studies show that microinsurance programs are effective in reducing vulnerability to risks, enhancing participants' protection, contributing to reducing income poverty as well as reducing multidimensional poverty (including deprivation of health, education, access to clean water, etc.) (De Bock and Ontiveros, 2013; Apostolakis et al., 2015). These types of programs have shown a strong potential to reach actors in the informal economy, mobilize additional resources for social protection and contribute to reducing social exclusion. International experience has shown that countries consider the development of micro-insurance in particular and comprehensive finance in general as one of the solutions to improve people's lives, especially the poor and low-income people. According to World Bank data, in Southeast Asian countries, the proportion of people participating in microinsurance accounts for more than 10% of the population on average and is on the rise. In Vietnam, the micro-insurance model has been piloted for more than 10 years, but the number of participants in this type of insurance is still very limited despite the huge development potential (with more than 6.4% of the population being poor households, near-poor households as well as many other vulnerable subjects in society). Law on Insurance Business No. 08/2022/QH15 has added specific regulations on micro insurance, creating a legal basis to encourage insurance businesses, branches of foreign non-life insurance enterprises in Vietnam

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providing micro-insurance products, create conditions for participating in insurance for people with low incomes who have little access to commercial insurance products of insurance enterprises. In this article, the authors used methods of data collection, analysis, synthesis, comparison and contrast from domestic and foreign sources. From there, clarify the theoretical basis for developing micro-insurance to expand the scope of social security for the informal economy, analyze the international experience and the current status of micro-insurance implementation in Vietnam.

2. THEORETICAL BASIS

2.1. Expand the scope of social security for the informal economy

Social security is a universal need and recognized as a basic human right, affirmed in Article 22 of the Universal Declaration of Human Rights “As a member of society, everyone has the right to enjoy social security”, this right is the first legal source to expand the scope of social security to everyone. The consensus among governments, employers and workers reached at the 2001 International Labor Conference (ILO, 2002), placed the issue of social security expansion high on the agenda. The global campaign for social security and insurance for all was launched by the United Nations Labor Conference at its 91st Session, in 2003 (ILO, 2003). Social protection is considered a fundamental means to reduce poverty, eliminate social exclusion and promote social cohesion. There is growing evidence in developing countries of the important contribution of social protection to improving access to health, education and productive economic opportunities, reducing child labor and promoting participation of the poorest members in the labor market. However, in reality, a large segment of the population in developing countries does not enjoy any social security protection or is only partially covered (Beattie, 2000). Van Ginneken (2003) demonstrated that low levels of social security coverage are due to low financial resources available to social classes, especially in low-income countries. In these countries, tax-funded welfare programs are modest for those who cannot protect themselves through social insurance programs. According to Van Ginneken (2003), there are three basic policy approaches to expanding social security at the national level. First, expand and adjust social insurance regimes according to law; Some middle-income developing countries have achieved significant, and sometimes full, increases in coverage for social security programs such as health insurance. The second is to promote contributory programs – often community-based – for workers in the informal economy, especially in low-income developing countries. To date, coverage of these programs remains low, but with appropriate technical and institutional support, they could achieve significantly improved coverage in the future. The third is to promote tax-funded social benefits to vulnerable groups who may not benefit from contributory schemes. Public resources for such benefits are often scarce, especially in low-income developing countries, but ways will have to be found to operationalize them with the help of public resources. additional international force.

The informal economy is defined as “all economic activities of workers or economic units - by law or in practice - that are not protected or inadequately protected by official arrangements” (ILO, 2002). According to ILO (2013), a characteristic of the informal economy is the lack of regulation and social protection - workers are often not covered by mandatory social security programs and contributory health care for many reasons. Despite being exposed to greater risk and uncertain income, the majority of workers in the informal economy are still deprived of social security benefits. Lack of social protection is a major factor contributing to their social exclusion and poverty. Exclusion can occur even when a universal program is adopted for a variety of reasons such as lack of finance or transfer problems. The poor may be excluded from accessing health care more than the better off, especially because coughing is more difficult for them to pay the associated indirect costs. People in rural areas are more likely to be excluded than those living in urban areas because the density and quality of health services are generally lower. Some countries have both universal and employment-based social insurance programs. In this case, workers with formal employment tend to be considered better than those with similar characteristics but who work informally. In some developing countries, social security laws expand social insurance coverage for some groups of workers in the informal economy, especially self-employed workers and some occupational groups. Until recently, efforts to reduce the exclusion of workers in the informal economy have shown limited results in practice.

Some basic reasons leading to the informal economy being excluded from the scope of social security (ILO, 2013) are: (i) Many actors in the informal economy have too low income and/or unstable so social insurance contributions cannot be paid. This often happens with self-employed workers, who are obliged to pay contributions to both employers and employees in many countries. (ii) Even if informal workers can pay, they may not be willing to do so for many reasons including insufficient trust in social insurance institutions, their perception gaps between the types of benefits offered and what they consider priority needs, and complex (time-consuming) procedures to apply for and receive benefits. (iii) In addition, the contribution period long enough to enjoy some benefits, especially pensions, may also be unattractive to many workers in the informal economy, who have jobs that are not guaranteed, and the future of work is unpredictable. Although not everyone in the informal economy is poor, the majority of poor people work in the informal economy, and because they are poor, relative to the total population they have a

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higher rate of facing risk factors such as poor nutritional quality, difficulty accessing water and sanitation, little access to education and health services, temporary housing, etc. The high risk and low scope of social security puts workers in the informal economy in a very vulnerable situation. Despite many challenges, expanding social protection to the informal economy is a key principle to support the transition to formality and reduce poverty. There is growing evidence that social protection can be implemented from the early stages of development and that social protection can play an important role in economic development; expansion is within reach of even very low-income countries. More than 30 developing countries have been able to significantly expand their reach through various programs (ILO, 2013).

2.2. Micro-insurance

The term “microinsurance” is derived from “microfinance”, first used in documents of the International Labor Organization (ILO) and the United Nations Conference on Trade and Development. (UNCTAD), in Geneva in 1990. Since around 2000, the development of microinsurance has been discussed at many international conferences. According to ILSSA & GIZ (2011), micro-insurance is a form of insurance aimed at protecting low-income people to cope with risks in life (health, accidents...), and insurance fees suitable to the financial capacity of participants. With the principle of self-management, micro-insurance often applies to people who are not covered by the formal social insurance system - mainly workers working in the informal sector and their families. With low premiums and benefits, micro-insurance programs are often implemented by civil society organizations. According to Brown and Churchill (1999), microinsurance can be defined as a risk analysis tool designed for the needs and capabilities of people with low incomes and mainly informal employment. These are insurance schemes with a pooled risk pool based on small premium payments and limited benefits. These programs typically include beneficiaries who are excluded from current mandatory social security programs and/or who have incomes at or below the national poverty line. These programs are administered by public or private organizations and take beneficiaries into account in the decision-making process.

Many studies show that microinsurance programs are effective in reducing vulnerability to risks, enhancing participants' protection, contributing to reducing income poverty as well and reducing multidimensional poverty (De Bock and Ontiveros, 2013; Apostolakis et al., 2015). These types of programs have shown a strong potential to reach actors in the informal economy, mobilize additional resources for social protection and contribute to reducing social exclusion, especially for women. Such programs are being applied around the world. One of the biggest changes is the growing demand for micro-insurance for many different contingencies (health, life, property, accidents, old age, crop failure, etc.). India's leading microfinance institution, BASIX, has cooperated with insurance companies to provide many insurance products such as life insurance, live animal insurance, flood damage insurance and Health Insurance. The Lalipur Health Insurance Program in Nepal focuses on maternal and child health, awareness raising and health education on safe motherhood. The program provides essential medications and basic health services at a nominal cost to members. Another example in Nepal is the medical cooperative established by the Confederation of Nepalese Trade Unions (GEFONT), which includes a health insurance program in partnership with a hospital and targets the informal economy. The scheme provides antenatal care as well as childbirth and serious illness services, including a referral mechanism to a hospital where members can receive treatment at a low cost. In Uganda, many public health plans are now providing health services with or without co-pays or discounts to plan members. In Cambodia, microfinance institution EMT has initiated pilot health insurance projects targeting rural households in two provinces, helping families avoid falling into debt due to medical-related costs. The Safe Motherhood Foundation Community Insurance Program in Tanzania and the Grameen Kalyan Rural Health Program in Bangladesh provide a full range of pre-and post-natal services to members. Microinsurance schemes have proliferated over the years especially in South Asia and Africa, often aiming to extend health protection. These programs are often initiated by civil society organizations and delivered through a variety of organizational settings. Micro-health insurance has demonstrated good potential to reach groups excluded from compulsory social insurance, mobilize additional resources, contribute to participation in civil society and strengthen the position of socio-professional groups including women. However, independent and self-funded microinsurance programs have major limitations in terms of sustainability and effectiveness in reaching the largely excluded population. The impact of these programs should be significantly increased by developing functional links with the extended national or social insurance system. In this way, contributing to improving fairness and efficiency in national social security policies.

3. MICROINSURANCE IN VIETNAM

3.1. Research context

Vietnam is one of the fastest-growing economies in the world, with a population of more than 99.46 million people and a GDP growth rate of over 8% by 2022. With the characteristics of being a developing country and about 30% of workers working in agriculture, informal workers and the informal economic sector account for a large proportion; Despite achieving remarkable achievements in socio-economic development, Vietnam still faces many challenges in poverty reduction and promoting the

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transition to formality. According to the General Statistics Office of Vietnam (2017), informal workers are defined as workers with informal jobs. Thus, informal workers include most workers working in the informal economic sector and a part of workers doing informal jobs in the formal economic sector. According to Thu (2021), informal workers are very weak in negotiating income benefits and participating in social insurance during the working process; The main reason is that they often work without an employment contract, and therefore, they do not receive the protection provided by the Labor Code. Typically, in terms of income, according to the ILO in Vietnam, in the second quarter of 2020, informal workers' income decreased more than formal workers. In addition, on the issue of social insurance, the research report "Social Security Rights of female migrant workers in Vietnam" by the Department of Social Protection - Ministry of Labor, War Invalids and Social Affairs and the Program Support Fund Vietnam social security program and project (AFV) implemented in November 2018 said that 97.9% of informal workers do not have social insurance. As a result, informal workers will not receive risk-sharing and retirement protection when they are no longer able to work (Thu, 2021). Along with that, in 2022, according to Decision No. 71/QĐ-LĐTBXH dated January 19, 2023 of the Minister of Labor, War Invalids and Social Affairs on Announcing the results of reviewing poor and near-poor households in 2022 according to Multidimensional poverty standard for the period 2022-2025, the multidimensional poverty rate (including the rate of poor and near-poor households) of Vietnam is 7.52%, the total number of multidimensional poor and near-poor households is 1,972,767 households. According to Vinh (2023), economic progress has not reduced the vulnerability of the poor to external stressful events or strengthened their ability to cope with various types of risks. Some of the most common risks facing the poor are: bouts of illness, crop failures, livestock deaths, adverse fluctuations in commodity prices, unstable employment opportunities, and natural disasters. While the formal insurance sector in Vietnam mainly targets the high-income segment and salaried workers or formal sector workers. Therefore, micro-insurance is considered an effective tool to create a safety net targeting low-income people, the weak, and those vulnerable to life's risks. In Vietnam, the provision of insurance products for low-income people is implemented by both insurance businesses and socio-political, socio-professional organizations.

3.2. Status of micro-insurance implementation in Vietnam

In Vietnam, the provision of insurance products for low-income people is deployed by both insurance businesses and socio-political, socio-professional organizations. Microinsurance began to operate independently of microfinance programs in the late 1990s. In addition, there are also several micro-insurance projects of non-governmental organizations and micro-insurance pilot projects of the Government in conjunction with insurance companies. In 1998, Vietnam Social Insurance through the Vietnam Women's Union and the Vietnam Farmers' Association conducted a pilot sale of insurance to farmers in Nghe An. However, this project was not successful due to the high fee (100,000 VND/month). After that, this model continued to be implemented in Hue with a lower fee (77,000 VND/year) and achieved positive results. On the business side, in 2004, Bao Viet tested implementation through a partnership with Ninh Phuoc Support Fund to distribute credit life insurance products to loan members with low incomes, with an insurance fee is 0.9% of the loan amount/year. This model is considered relatively successful. In 2005, Prevoir used the postal savings network to sell accidental death insurance to low-income subjects (insurance fee is 26,000 VND/year). These are just two of the projects implemented for low-income people. Starting from 2010, micro-insurance products have been provided by insurance businesses and socio-political organizations, socio-professional organizations with many different types of insurance, from deployment in some localities to nationwide deployment (Binh, 2021; Anh, 2021; Dien, 2023). In the Vietnamese market today, several micro-insurance products have been and are being deployed (Binh, 2021; Anh, 2021; Dien, 2023), which are:

(i) Property and liability insurance: For many years, supporting agricultural insurance and creating support for farmers has received attention from the State. Since 2010, to help farmers reduce losses when encountering risks, the Ministry of Finance has submitted to the Government a project to pilot agricultural insurance for the period 2010 - 2013. From this project, the State has supported 80 - 90% of insurance fees for poor farmer households; 60% for non-poor farming households; and 50% for agricultural production organizations participating in the pilot of agricultural insurance. According to the Project, there are 3 insured subjects including: rice plants; livestock of buffaloes, cows, pigs, and poultry; seafood (including pangasius, basa fish, black tiger shrimp, whiteleg shrimp). Also according to this Project, all types of damage caused by natural disasters and epidemics in agriculture will be prioritized for insurance (storms, floods, droughts, severe cold, severe cold, frost, influenza for poultry, blue ear disease for pigs, foot and mouth disease for cattle, aquatic diseases for shrimp and pangasius, brown planthopper epidemic, yellow dwarf disease, twisted leaf dwarf disease for rice...). Insurance enterprises permitted to pilot agricultural insurance are responsible for applying agricultural insurance products.

In 2018, the Government issued Decree No. 58/2018/ND-CP on occupational insurance as an important tool for farmers to feel secure in their fields. 7 provinces are supported with agricultural insurance fees for rice crops, including: Thai Binh, Nam Dinh, Nghe An, Ha Tinh, Binh Thuan, An Giang, Dong Thap; 8 provinces and cities are supported with unemployment insurance

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fees for buffaloes and cows including: Ha Giang, Vinh Phuc, Hanoi, Thanh Hoa, Nghe An, Binh Dinh, Dong Nai, Binh Duong; 5 provinces are supported with agricultural insurance fees for black tiger shrimp and white leg shrimp including: Ben Tre, Tra Vinh, Soc Trang, Bac Lieu, Ca Mau. People's Committees of provinces and cities in the above areas organize the selection of areas to receive unemployment insurance support according to the provisions of Clause 2, Article 21 of Decree No. 58/2018/ND-CP. The implementation period for unemployment insurance premium support is from the effective date of Decision No. 22/2019/QD-TTg (June 26, 2019) to December 31, 2020. After that, the Prime Minister issued Decision No. 03/2021/QD-TTg dated January 25, 2021, amending Decision No. 22/2019/QD-TTg on implementing agricultural insurance support policy, the duration of agricultural insurance premium support is until December 31, 2021. For commercial agricultural insurance in the voluntary form (the State does not support fees); Some companies are currently implementing such as Agricultural Bank Insurance Company (ABIC), Military Insurance Joint Stock Company (MIC). In the 3 years 2018-2020, ABIC has deployed in 17 provinces and cities. In particular, livestock insurance (dairy cows, meat cattle, breeding cattle) with 182 households and 20 organizations participating with a total of 18,192 animals. Insurance revenue reached 2,653.62 million VND, insurance value was 516,352.22 million VND. Crop insurance (mainly for rubber and acacia trees) with an insured area of 5,706.73 hectares from 10 participating households and 13 organizations. Insurance value for crops reached 253,934.31 million VND and insurance revenue was 998.54 million VND.

Currently, digital micro-insurance services have been deployed in the Vietnamese market: Igloo - an Insurance Technology Company headquartered in Singapore has just officially launched in Vietnam through the announcement of 2 partners: Mobifone and Loship Telecommunications Corporation, to provide micro-insurance services to Vietnamese people. Partnering with Igloo allows Loship to provide delivery failure insurance to 70,000 delivery drivers so these drivers can easily complete their jobs. For a reasonable fee of 28,900 VND/month, failed delivery insurance allows delivery drivers to receive return shipping fees if the consumer decides to return the order because the product was delivered incorrectly. This insurance product can minimize damages caused by incidents during delivery and order fulfillment, especially when online shopping in Vietnam has grown by 25% during the COVID-19 pandemic. Igloo also seizes opportunities from Vietnam's booming digital economy where mobile devices are the most used and customers are becoming more tech-savvy, by cooperating with Mobifone to bring the service "Mobicare" - personal accident insurance designed specifically for Mobifone customers - to 30 million Mobifone mobile subscribers. "Mobicare" includes daily expense allowance, internet data packages and remote consulting services, etc.

(ii) Personal insurance (life, disability and health insurance): Currently, human micro-insurance products are only available to a limited number of subjects (retired officials, students); insured and small insurance liability levels have been implemented in both insurance businesses and socio-political organizations since 2008.

Micro-insurance deployed by socio-political, socio-professional organizations has been piloted for the Community Financial Resources Development Support Center - CFRC (under the Central Vietnam Association for Promoting Education). Nam) and the Central Vietnam Women's Union with the nature of reciprocity and support between borrowing members in the same organization (Binh, 2021; Vinh, 2023). The Ministry of Finance has issued official dispatches guiding the pilot implementation of micro-insurance for the Community Financial Resources Development Support Center - CFRC (under the Central Vietnam Association for Promoting Education) and the Central Association for the Promotion of Education. Vietnam Women's Union (Official Letter No. 16037/BTC-QLBH dated November 20, 2013 and 10418/BTC-QLBH dated July 29, 2014). The Vietnam Women's Union implements a micro-insurance pilot project called the Mutual Fund Project to provide micro-insurance products for members of the Association, through the operational network of financial institutions. micro government Tinh Thuong One Member Limited Liability Company (TYM). In 2014, by Official Dispatch No. 1981/VPCP-KTTH of the Government Office dated March 25, 2014, this pilot form was implemented and then extended by Official Dispatch No. 1596/VPCP-KTTH dated March 14. March 2016, also from the Government Office. By 2017, the Government Office continued to issue Official Dispatch No. 10828/VPCP-KTTH dated October 12, 2017, with the content of extending the pilot until a decree on micro-insurance of socio-political organizations is issued. officially issued by the Association. Accordingly, CFRC's micro-insurance includes two micro-insurance products: loan life protection insurance and basic life insurance, for customers who are women and ethnic minorities. Member of M7 Microfinance Network. During its operation, CFRC has provided microinsurance through 2 social funds and 2 microfinance projects with several participating members of 7,986 people. However, during the pilot implementation from 2013 to the end of 2016, due to financial capacity and difficulties in expanding operations, the number of participating customers gradually decreased, not meeting the majority principle singular compensation in insurance, the government stopped implementing the microinsurance pilot at CFRC in early 2017. Microinsurance of the Women's Union is deployed through the operational network of Tinh Thuong Microfinance Institution Limited (TYM) for customers who are women from poor and near-poor households. Low-income households are also members of the TYM Fund. To date, micro insurance has been provided in 12 provinces and cities, with 18 branches and 40 transaction offices, providing 2 insurance products: Mutual Loan Support; Medical and life support to members who borrow from the Fund. As of May 2021, the micro-insurance of the Vietnam Women's Union

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has provided insurance services to 108,100 customers, of which, the number of customers receiving benefits is 431 people, with insurance payments insurance of over 10 billion VND. However, on July 15, 2021, the Government issued Resolution No. 77/NQ-CP to stop the implementation of the micro-insurance pilot of the Vietnam Women's Union.

Before 2023, several insurance businesses in Vietnam have deployed micro insurance as a type of commercial insurance for low-income people. Currently, Law on Insurance Business No. 08/2022/QH15 issued on June 16, 2022, effective from January 1, 2023 and Decree No. 21/2023/ND-CP regulating micro insurance, issued on May 5, 2023. These legal documents are the legal basis to encourage insurance enterprises and branches of foreign non-life insurance enterprises in Vietnam to provide micro-insurance products, creating conditions for participating in insurance for customers. People with low incomes have little access to commercial insurance products from insurance companies. In insurance market practice, several life insurance businesses have registered to deploy micro insurance products such as Prudential Vietnam Life Insurance Company Limited, Manulife Vietnam Company Limited, Manulife Vietnam Company Limited and Dai-ichi Vietnam Life Insurance Company Limited. Up to now, Prudential has stopped providing this product, Dai-ichi Life Vietnam has just deployed it so the results are not significant; Manulife Vietnam Co., Ltd. is implementing a micro-insurance product but the results are not very positive. Specifically: Prudential released the first micro insurance product Phu-An Tam in September 2011. Prudential's target at that time was a group of low-income customers who needed to protect themselves against risks caused by accidents, total and permanent disability, and even death; with refund benefits and attractive insurance premiums. However, by June 2015, Prudential stopped providing this product. Currently, in addition to adjusting product orientation by the Company's business strategy, Prudential is actively researching the needs of customer groups participating in micro insurance, while closely monitoring the direction and policies and guiding documents from state management levels; From there, consider re-deploying this product line shortly. Manulife is the first company in the market licensed to deploy micro-insurance and is currently selling this product in many provinces and cities through women's unions at all levels. Insurance participants are limited to members of the Vietnam Women's Union, aged 20 to 50 years old, with low and unstable income in remote, remote and rural areas. By the end of June 2022, the number of effective micro-insurance contracts of this insurance enterprise was 8,586 contracts with a total premium collected of VND 718 million. With Dai-ichi Life Vietnam, recently, this company has surveyed to get customer opinions on micro insurance product ideas in the two provinces of Quang Binh and Tien Giang. From this information, Dai-ichi Life Vietnam will adjust micro-insurance products in the direction of offering many different options, suitable to the needs of many customers. In 2022, Bao Viet Insurance also launched the micro-insurance program An Binh Yen Vui - An Sinh Hanh Phuc. This is a simple, easy-to-access insurance program with basic benefits suitable for low financial capabilities, applicable to customers from 15 days old to 70 years old "An Binh Yen Vui" or up to 60 years old, Renew until age 65 "An Sinh Hanh Phuc". This product is expected to be a source of timely financial support for people to feel secure in their treatment, reducing the financial burden on their families with a wide range of protection. Attractive program with costs starting from only 44,000 VND/person/year but still ensuring diverse and optimal medical benefits, such as maximum benefits of up to 78 million VND in insurance for illness risks, accidents, surgery, educational and income support, including cancer risks. A special feature of this insurance program is that children can participate independently and have flexible waiting times; Along with that is a form of lump sum compensation, paid independently of other types of insurance and does not require financial invoices. Customers will easily participate in insurance as well as request compensation quickly and promptly. For customer convenience, micro insurance is also issued by Bao Viet via the Zalo mini app, application time is no more than 5 minutes, and payment methods are flexible.

4. COMMENTS AND RECOMMENDATIONS

4.1. Comments

From international experience and practical implementation of micro-insurance in Vietnam, it shows that: Micro-insurance is an effective tool to create a safety net targeting low-income people, vulnerable people, and people vulnerable to life's risks; and contribute to hunger eradication and poverty reduction. Microinsurance is more a tool to reduce vulnerability than to fight chronic income poverty. Because the limitation of micro-insurance is that it cannot cover the very poor - those who cannot afford to pay even very small contributions. Therefore, micro-insurance cannot replace social insurance or social assistance programs. However, it can be seen that basic Social Insurance programs implemented by governments often have limitations such as (i) not being able to cover all low- and middle-income people, (ii) cannot cover all the risks that these people face and (iii) cannot cover all the losses that these risks may bring (Vinh, 2023). In these cases, microinsurance can act as a supplement or supplement to social insurance; This is especially useful when social insurance does not cover all the costs that an insurance event may cause. In some cases, microinsurance can also serve as a substitute for social insurance where social insurance schemes already exist but are not attractive to informal sector workers. Therefore, governments of countries need to create favorable conditions for the

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development of micro-insurance, to promote the important role of this type of insurance in the social security system, contributing to hunger eradication and poverty reduction.

Micro-insurance in Vietnam is still not popular, people in general especially those with low income, the poor - financially vulnerable groups in society - do not have much access to this type of insurance. The main reason is due to factors such as (i) lack of legal basis related to the supplier and type of activity; (ii) people's awareness of insurance is limited, especially low-income people, while the target audience of micro-insurance products is often in rural or remote areas, making it difficult to approach; (iii) businesses doing insurance business in Vietnam do not want to provide micro insurance products in the context that the commercial insurance market still has a lot of potential to exploit; and (iv) distribution channels for micro-insurance products still face many difficulties due to spread out areas and difficult transportation (Binh, 2021; Anh, 2021).

4.2. Recommendations

Developing micro-insurance is considered an important solution to protect people, especially the poor, low-income people and disadvantaged people in society, from risks and provide financial compensation. According to Vinh (2023), in most cases, the government does not necessarily need to be directly involved in creating microinsurance programs, but the government should play important roles in creating microinsurance programs: (i) Legalize the participation of non-governmental organizations, cooperatives, mutual groups, microfinance institutions and other actors in the operation of microinsurance programs (insurance market reform, non-governmental organizations or changes in operating laws of related organizations); (ii) Identify minimum standards for micro-insurance contracts to protect consumers (relating to premium rates, conditions and benefit levels, product design, reinsurance and investment of capital market reserves); (iii) Provide knowledge about microinsurance to consumers such as protected risks and benefits of microinsurance products; (iv) Create a mechanism to resolve conflicts that may arise between microinsurance participants (such body could be a specialized court or an independent arbitration council). Along with that, to promote microinsurance more proactively, governments can consider taking actions including: (i) Subsidy the start-up costs of newly created micro-insurance programs; and (ii) Providing emergency funds from which microinsurance providers can borrow to manage temporary liquidity crises.

In the coming time, implement the social security policy of the Party and State to develop micro-insurance in Vietnam, helping low-income people and disadvantaged people in society have the opportunity to be protected. ; It is necessary to focus on the following issues:

Firstly, continue to improve legal regulations for micro-insurance activities, as a basis for developing micro-insurance activities in a professional direction. This is a condition to ensure healthy and sustainable development for both micro-insurance providers themselves and the interests of insurance participants. It is necessary to build a consistent and appropriate legal framework, especially in communication, reserve fund supervision, solvency margin and investment. In addition, the Insurance Association and insurance businesses need active support in terms of operations and management technology in insurance activities for low-income people.

Second, promote communication and propaganda of micro-insurance to raise awareness and understanding of subjects about micro-insurance products. The target customers of this type of insurance are low-income people who are subject to the State's support policies. Therefore, we should consider coordinating with national target programs on hunger eradication and poverty reduction, sustainable development of agricultural and rural areas; Policies to support the implementation of micro insurance such as tax exemptions and reductions for some products, etc. The implementation of insurance for low-income people can be done better when funded by organizations and individuals, integrated with State policies, and coordinated with the activities of political and social organizations. Building close partnerships between financial institutions, non-governmental organizations, local self-help groups and regulatory agencies brings many benefits and efficiency in micro-insurance development.

Third, businesses and organizations providing micro-insurance products need to research and design micro-insurance products appropriate to the awareness and qualifications of low-income people. Designed products need to be simple, easy to understand, and easy to remember, regulations on insurance participation and compensation procedures are streamlined and quick. The development of micro-insurance products follows the trend of focusing on personal accident insurance products in the early stages due to the simple and easy-to-manage nature of the products. Gradually develop a variety of products (medical expense insurance products, property insurance, etc.) in the direction of determining low insurance amounts; apply the principle of lump sum payment to simplify the product and cost management process.

Fourth, it is necessary to establish appropriate micro-insurance product distribution channels. Distribution intermediaries suitable for this type of insurance include: microfinance institutions and political, social and professional organizations. These are organizations with favorable conditions in approaching microinsurance customers. For micro-insurance to develop in the context

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of widespread digital transformation; It is necessary to consider integrating with the financial technology platform being developed for low-income and vulnerable customers concentrated in rural, remote and remote areas.

5. CONCLUSION

Micro-insurance, with premiums suitable to the financial capacity of participants, is an effective tool to create a safety net aimed at protecting low-income and poor people. Developing this type of insurance, on the one hand, is deeply humane, contributing to social security, hunger eradication and poverty reduction, and on the other hand, promoting financial inclusion so that no one is left behind. later in development. For the micro-insurance program to be implemented effectively and contribute to the successful implementation of social security policies of the Party and State, it is necessary to create conditions for this form of insurance to develop. In particular, with the support and active participation of many subjects, the State plays a constructive role. The authors used the methods of synthesizing, analyzing, comparing, and contrasting secondary data sources. This article analyzes the theoretical basis for developing micro-insurance to expand the scope of social security for the informal economic sector, presents international experience and the current status of microinsurance implementation in Vietnam. The article also offers some recommendations/policy suggestions to develop microinsurance in Vietnam shortly.

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