

Agricultural Insurance in Vietnam

Code of Livestock Insurance

Context

This factsheet provides an overview of the livestock insurance code that supports the implementation of Vietnam's agricultural insurance policies as per Decree 58 and Decision 22, to enhance the resilience of individuals and organizations engaged in agricultural production against natural disasters and diseases.

The factsheet details the nature, scope, features, and processes relevant to the insurance code and its three key stakeholders:

1. **Insured:** organization or individual who receives state support for agricultural insurance premiums as per Decision 22, to insure buffaloes and cows raised for milk, breeding and meat (insured subject) against risks arising from natural disasters and diseases.
2. **Policyholder:** either insured or a representative as authorized by the insured who signs the insurance policy with the insurer, pays the premium and facilitates the relevant information.
3. **Insurer:** a non-life insurance company that determines the extent of loss with relevant agencies and compensates the insured when an insured event occurs.

Insurance condition

At the time the policy takes effect, the insured subject must:

- a. be in good health condition, without any injury, sickness, disability, or physical malformation, and immunized against insured diseases as prescribed by the veterinary office,
- b. not be raised in a presently epidemic-affected area,
- c. wear an ear tag with a code (photos of the subject wearing the ear tag must be sent to the insurer before the effective date of the insurance policy),
- d. be in the age of 6 months to 6 years old for fattening cows and buffalos, and 6 months to 8 years for dairy and breeding cows and buffalos.

During the insurance period, the insured subject must:

- e. be raised in compliance with the technical standards and husbandry procedures of the Ministry of Agriculture and Rural Development and local competent agencies.

- f. be fully vaccinated against all the insured diseases as per the regulation and vaccination plans of the authorities.

Scope of insurance

The insurer compensates the insured if the insured subject dies directly because of one or more of the following causes:

1. **Natural disasters**, including storms, tropical depressions, cyclones, lightning, heavy rains, floods, flash floods, inundations, landslides caused by floods or currents, land subsidence due to floods or currents, heat waves, droughts, cold, hail, hoarfrost, earthquake, or tsunami.
2. **Diseases**, including foot and mouth disease and anthrax.

Natural disasters and diseases must be certified or announced by relevant authorities.

Exclusion insurance liability

The insurer does not provide compensation if the insured subjects **a)** die by causes not specified above, **b)** die due to intentional human actions such as deliberately starving or slaughtering, **c)** are stolen or sold, **d)** die of an epidemic before the policy enters into force, **e)** die from surgery or castration, **f)** die during transportation by any means, **g)** are slaughtered at the discretion of any competent authority, **h)** die due to war, sabotage, rebellion, strike, terrorism or radiation, **i)** are not adequately immunized for insured diseases as per the instructions of relevant authorities, **j)** die or get sick due to pollution, **k)** die due to volcano eruption or meteorite attack, or **l)** due to provisions on restrictions and exclusions on sanctions.

Insurance duration and period

The insurance policy is signed for up to one year. Only events occurring during the insurance period are insured.

A waiting period will be applied to each insured subject for disease risks: 10 days from the date that the policy becomes effective, 10 days since the animal joins the herd or 30 days after the insured animal is transferred from a different province, whichever comes later. The waiting period is not applied to insured subjects insured by the insurer in the preceding month.



Ninh Binh, Vietnam. Photo by Alex Azabache



Husbandry in Da Nang, Vietnam. Photo by Hung Nguyễn Việt

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Insured amount

An insured amount is the maximum value of the buffalo or cow as agreed by both the insured and insurer in the policy. The insurance amount is fixed throughout the insurance period and it is used to calculate the premium and the compensation.

The maximum amount for each insurance subject is as follows:

	Foreign/hybrid breed	Local breed
Dairy cow	40 million VND	20 million VND
Breeding cow	35 million VND	15 million VND
Breeding bull	50 million VND	15 million VND
Buffaloes or cows for fattening	15 million VND	15 million VND

The insured amount for each animal is assessed based on the insurance application form, but it should not exceed 100% of the market value when the policy takes effect. For insured subjects older than 72 months, the insured amount is 70% of the limit.

Insurance premium

Insurance premium is the money that the insurer receives from the insured or policyholder and/or as subsidies from the state. The insurance premium is calculated as follows:

$$\text{Premium} = \text{Insured amount} \times \text{Premium rate}$$

The **insured amount** is specified in the insurance policy and the **premium rate** for both buffaloes and cows a year is 3.667%.

The policyholder must pay the insurer the entire insurance premium, excluding the state budget's support, within 30 days since the insurance policy is signed. If the premium is not fully paid within the agreed timeframe, the policy will be terminated.

Claim settlement

Notification of the insurance event:

- When the insured subjects die due to the insured risks, the insured and/or the policyholder must **1.** Notify immediately (within 24h) the insurer, **2.** Strictly follow the instructions of the insurer upon request, **3.** Notify relevant agencies or authorities about the causes of the animal's death and

request the inspection company approved by the insurer to authenticate the death in a written form.

Claim document:

- Within 3 months from the event, insured/policyholder must send the insurer the claim document, which includes the claim form, insurance policy, original ear tag (if not missing due to insured event), certificate of the latest vaccinations and other relevant documents.
- The insurer must collect **a)** a written proof of the natural disaster or epidemic issued by authorised agencies, **b)** loss minutes completed by the inspection company, and **c)** confirmation minutes of the death that includes at least 1 portrait photo with the ear tag and 1 photo of the body (if not missing), and is certified by the insured, relevant authorities and inspection companies assigned by insurers.

Compensation amount

The compensation amount will be calculated as follows:

$$\text{Compensation amount} = \text{Claim amount} \times \left(1 - \frac{\text{Deductible rate}}{100} \right)$$

Where the deductible rate consists of **1.** A standard agreed deductible rate that the insured must bear in case an insurance event occurs, which is 30% for natural disasters and 40% for diseases, and **2.** Additional rate of up to 20% by the insurer if the insured fails to fully comply with the prescribed procedures for animal husbandry and epidemic prevention or with the loss notification instructions.

Compensation settlement duration:

- In a standard policy, the insurer must provide compensation within 15 days from receiving all valid claim documents.

Insurance contract termination

The insurance policy is automatically terminated if the premiums are not fully paid in time, the policy has expired, or the insurer has paid the claim to the insured.

The insured can terminate the policy before its expiry by sending a written request to the insurer 10 days in advance. After signing a written contract, the insurer must refund 80% of the premium for the remaining period if the insurance event has not occurred.



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