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Article

Digital Insurance and Consumer Rights in Vietnam: Compliance Challenges and Regulatory Reform Needs

Nguyen Thi Ha Trang[1], Dao Thi Thu Hang[2]

[1]PhD Candidate, Faculty of Economic Law, University of Economics and Law, Vietnam National University Ho Chi Minh City; Lecturer, Faculty of Social Sciences and Humanities, Nha Trang University. Email: hatrangnt@ntu.edu.vn
[2] PhD, Lecturer of School of Law, CELG, University of Economics Ho Chi Minh City. Email: hangdtt@ueh.edu.vn
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Abstract: Digital insurance has become an inevitable trend in Vietnam's digital transformation, significantly expanding consumer access to insurance services. However, the rapid development of insurance technology (InsurTech) also increases the risk of legal imbalances between insurance undertakings and policyholders, particularly in jurisdictions where the legal framework for consumer protection remains nascent or incomplete, including Vietnam.
Although Vietnam's legal system has made notable progress in regulating insurance activities in the digital environment, significant lacunae remain, particularly in ensuring transparency, fairness, and information security for policyholders-who are the weaker party in this relationship. Moving beyond the traditional analysis of insurers' legal responsibilities in paying benefits or resolving disputes, this study examines the legal issues that arise to safeguard consumer rights throughout the entire process of participating in digital insurance. Specifically, it focuses on three core groups of legal issues: (i) transparency and access to information in the digital environment; (ii) the validity and evidentiary value of electronic insurance contracts; and (iii) the protection of personal data during the collection and processing of user information. The article also reviews and compares the experiences and legal models of jurisdictions with more developed insurance law systems to highlight the requirements for standardizing financial consumer protection in the digital era. Accordingly, the study argues that a sustainable and inclusive digital insurance market in Vietnam requires the improvement of the insurance legal framework with a consumer-centric approach.
Keywords: Digital insurance, insurance technology (InsurTech), consumers, electronic insurance, personal data protection

1. Introduction

Amidst the ongoing wave of digital transformation, the insurance sector is no exception, as technology has been widely adopted in the provision of insurance services. The innovation of business models and the enhancement of the customer experience through technology-integrating artificial intelligence, blockchain, and digital transaction platforms-have opened up faster and more convenient access to insurance services for consumers, particularly in emerging insurance markets such as Vietnam. According to survey results released at the Vietnam Insurance Summit 2025, the majority of insurance undertakings (95.5%) have already invested in digital infrastructure and technological solutions for their operations. Notably, 68.2% of these undertakings have significantly increased their investment share dedicated to digital transformation programmes. Advanced technologies such as Artificial Intelligence (AI), Machine Learning (ML), Blockchain, and Cloud Computing have been widely implemented. Through such applications, digital insurance reduces transaction costs, accelerates processing times, enables product personalisation, and expands access to a diverse range of customer groups.

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However, alongside the opportunities brought by digital insurance, significant legal challenges have also arisen. The digital environment introduces new methods of contract formation, performance, and management, requiring traditional legal principles to be adjusted to keep pace with these innovations. In particular, policyholders are often in a weaker position in this relationship due to their limited expertise, negotiation power, and control over information. Such information asymmetry can lead to infringement of consumer rights and erode trust in the market in the absence of an adequate legal framework.

Accordingly, this study aims to analyse the legal issues arising in order to protect customers' rights throughout the entire process of providing insurance products-from consultation to contract performance and termination.

2. Methodology

This article employs a combination of research methods tailored to specific issues in order to elucidate the legal framework for protecting consumer rights within Vietnam's digital insurance ecosystem. Specifically:

Analytical method: This method is applied to clarify the legal provisions related to the insurance sector in Vietnam, particularly those concerning the protection of customers' rights in insurance operations.

Comparative legal method: To better address the issues and provide a basis for proposing improvements to Vietnam's legal framework on the protection of consumer rights in the digital environment, the authors combine the analytical method with comparative legal analysis. The article compares Vietnamese regulations with those of more developed legal systems regarding the protection of customers participating in digital insurance, thereby identifying the strengths and weaknesses of Vietnam's legal framework and proposing appropriate reforms aligned with international practice.

Synthesis method: Following the application of analytical and comparative methods to Vietnamese and foreign legal provisions, the authors employ a synthesis method to link and evaluate the issues comprehensively. On this basis, the article draws recommendations on how Vietnam's insurance law should be formulated to suit the current context and ensure the rights and responsibilities of all parties involved in insurance relationships.

3. Theoretical Framework

To clarify issues concerning the rights of insurance consumers in the digital insurance environment, this article draws upon fundamental economic and legal theories. Specifically:

- Asymmetric Information Theory

Developed in the 1970s -1980s by George Akerlof, Michael Spence, and Joseph Stiglitz, this theory explains how disparities in access to information between parties to a transaction affect market behaviour. Asymmetric information arises when one party to a transaction possesses more complete or superior information than the other party (or parties). In the context of digital insurance in Vietnam, such asymmetry characterises the relationship between insurers, intermediaries, and policyholders, where providers often hold superior information compared to consumers. Applying this theoretical lens underscores the need to define and strengthen insurers' and intermediaries' obligations to provide transparent and accurate information and advice, thereby enhancing consumer protection and ensuring fairer and more efficient digital insurance transactions.

- Consumer Protection Theory

Originating from President John F. Kennedy's 1962 speech, this theory regards consumer protection as a fundamental right linked to health and life and as a "third-generation" human right. From the four foundational rights (the right to safety, the right to be informed, the right to choose, and the right to be heard) to the eight extended rights articulated by Consumers International, the theory emphasises transparent information disclosure, freedom of choice, and effective complaint and feedback mechanisms for consumers. In the context of digital insurance law, applying this theory helps establish standards of responsibility for insurers and intermediaries in providing clear and transparent information and advice and in creating effective supervisory mechanisms to protect the weaker party-policyholders.

- Conflict of Interest Theory

Rooted in the social conflict theories of Karl Marx, Georg Simmel, and Lewis Coser, the conflict of interest theory highlights that power imbalances and conflicting interests are natural forces that drive change and necessitate control mechanisms to protect weaker parties. In the digital insurance sector, conflicts of interest may arise when the interests of insurance service providers diverge from the best interests of consumers-for example, prioritising products with higher profit margins or terms favourable to the undertaking. Applying this theory clarifies the need to establish legal rules to identify, manage, and mitigate conflicts of interest through duties of honest information and advice, supervisory mechanisms, and accountability measures, thereby ensuring that insurance services operate in the best interests of policyholders and maintain fairness and transparency in digital insurance transactions.

4. Digital Insurance: Consumers' Legal Status and Risks in The Digital Environment

4.1. Overview of digital insurance

From an international perspective, the Organisation for Economic Co-operation and Development (OECD) uses the term "InsurTech"-a combination of "insurance" and "technology." The OECD describes it as follows: "*InsurTech is a term used to describe new technologies that have the potential to bring innovation to the insurance sector and to impact the business practices of the insurance market* (OECD, 2017)."

According to the International Association of Insurance Supervisors (IAIS, 2017), FinTech refers to financial innovations that apply technology to create new business models, processes, or products that have a significant impact on markets and financial institutions. InsurTech is a subset of FinTech, encompassing innovative technologies and models capable of transforming the operations of the insurance industry (IAIS, FinTech Developments in the Insurance Industry, 2017, p. 4).

Meanwhile, the Geneva Association also emphasises the role of digitalization across the entire insurance value chain. According to the Geneva Association, digitalization is now widely recognized as an indispensable factor for achieving breakthroughs in efficiency and enhancing the customer experience. This process affects all stages of the insurance value chain, including distribution and sales, underwriting, contract conclusion, and policy issuance, as well as post-sale activities such as contract management and claims settlement (The Geneva Association, 2021).

From a technical perspective, Feilmeier (2016) identifies five core technological factors currently shaping insurance business models: cloud computing, big data, mobile devices, social interaction, and the Internet of Things (IoT). The emergence of these elements entails new requirements for data security as well as the upskilling of both insurance personnel and consumers. The World Economic Forum's Report (2016) likewise highlights the role of "smart contracts" and blockchain technology, with potential applications in the insurance sector, such as claims management, the digitalization of business processes to reduce operating costs, improving the detection of suspicious behaviours, and enhancing risk assessment.

At present, Vietnamese law-including the 2022 Law on Insurance Business-has not yet provided an official definition of "digital insurance" (or InsurTech). However, based on academic research and international practice, this concept may be approached as an integration of the technical and economic aspects outlined above. From a legal perspective, although no separate definition exists, digital insurance in Vietnam is currently regulated indirectly by the 2022 Law on Insurance Business regarding obligations to provide information and the methods of concluding electronic insurance contracts, by the 2023 Law on Electronic Transactions, which recognizes the legal validity of electronic contracts and by Decree No. 46/2023/ND-CP on the protection of personal data, which applies to the collection, processing, and storage of customer information.

Accordingly, in essence, digital insurance represents the combination of insurance services and digital technology infrastructure under the governance of the existing legal provisions. It serves both as a tool to expand consumers' access to insurance and as a driver of the need to improve the legal framework to safeguard their lawful rights and interests in the digital transaction environment. Within this ecosystem, consumers not only benefit from faster, more diverse, and more convenient access but also face new legal risks relating to information transparency, data security, and fairness in contractual relationships.

4.2. The legal status of consumers in the digital insurance environment

Under Vietnamese law, a "consumer" is defined as a person who purchases or uses products, goods, or services for the purposes of personal, family, organizational, or institutional consumption and not for commercial purposes (Law on Consumer Protection, 2023, Clause 1, Article 3). When applied to digital insurance, a "digital insurance consumer" refers to an individual or organization that purchases or uses insurance products or services supplied, distributed, or managed through digital technology platforms.

A distinctive feature of this consumer group is that their access to insurance products and services, as well as the formation and performance of their rights and obligations, takes place wholly or partially through electronic means. In insurance transactions-whether traditional or digital-digital insurance consumers are typically disadvantaged in terms of information, capacity, and control over their data. However, within the digital insurance ecosystem, this position may become even weaker, for the following reasons in particular:

First, the increase in information asymmetry. In digital insurance, information about products and risk clauses is typically conveyed through online platforms in the form of digital content. While this enables policyholders to access information more quickly and conveniently, such digitalized content or electronic insurance contracts often employ complex technical and legal language. In addition, user interfaces and technical operations frequently prioritize marketing appeal, attractiveness, and rapid interaction, resulting in critical information being hidden or hyperlinked. This makes it difficult for policyholders to fully grasp the content, particularly for older customers or those unfamiliar with electronic devices. Accordingly, this raises issues regarding the insurer's obligation to provide information as well as the insurance agent's duty to advise customers.

Second, risks and limitations in controlling personal data. The volume of personal data that must be processed in digital insurance is far larger than in traditional insurance. Digital insurance relies heavily on vast digitalized datasets, including personal and identification information, medical and health records, as well as behavioural data such as consumer habits and interactions through applications. The scale and sensitivity of such information increase the risk of data breaches or misuse for commercial purposes, and may even result in unlawful acts. Moreover, during the performance of electronic insurance contracts, third parties-such as organizations providing electronic contract authentication services-may gain access to the entire contract content. This further heightens the risks to policyholders' personal information and data, thereby creating an urgent need for an effective legal mechanism to control and protect personal data.

Accordingly, identifying and strengthening the fundamental rights of digital insurance consumers is essential as their vulnerability becomes more pronounced compared to traditional insurance relationships. Based on the provisions of the 2023 Law on Consumer Protection and prevailing international standards, the rights of consumers in digital insurance transactions can be summarized as follows:

- The right to be provided with complete and transparent information;
- The right to freely choose products and service providers (to conclude insurance contracts);
- The right to the confidentiality of personal information;
- The right to lodge complaints and to fair and effective dispute resolution.

In the context of digital insurance, consumers-already the weaker party in traditional insurance relationships-now face even greater disadvantages arising from the causes and risks analysed above. In other words, digital insurance is not merely the application of technology to insurance services but also necessitates a reconfiguration of the legal mechanisms protecting consumer rights to accommodate the specific characteristics of the digital environment, thereby ensuring that policyholders-as the weaker party-remain comprehensively protected.

4.3. Risks and risk management for consumers in the digital insurance environment

As previously discussed, although digital insurance expands access to insurance services more rapidly and conveniently, it also generates new risks for policyholders. These risks stem from the extensive use of digital technologies, automated advisory and contracting tools, and large-scale data processing, which intensify consumers' vulnerability and reshape the relationship between insurers, intermediaries, and policyholders.

Drawing on international studies and regulatory experience (He, Faure & Chen, 2025; Stroobants, 2025; Li & Faure, 2025; Skalski & Tereszkiewicz, 2025), four main categories of risks can be identified:

- Information risk: Arising from asymmetric information in insurance and digital environments, contract terms and risk conditions are often presented in digital formats or embedded links using highly technical and legally complex language. Such designs typically prioritize marketing or rapid execution, potentially obscuring essential information and making it difficult for consumers-especially elderly or less digitally literate clients-to fully understand their rights and obligations.

- Data privacy risk: Digital insurance relies heavily on the collection and processing of large volumes of sensitive personal data, including assets, health records, personal identity, and behavioural information. Inadequate data-protection mechanisms or excessive data collection expose consumers to the risk of data breaches, unauthorized sharing or exploitation, and other infringements of privacy rights.

- Technological and operational risk: The digitisation of the entire insurance process increases exposure to cyberattacks, network failures, and fraudulent activities. As demonstrated by international experiences in cyber risk insurance and AI-related coverage (Faure & Chen, 2025), the absence of robust legal and technical standards further amplifies these risks in the digital environment.

- Conflict of interest risk: Digital platforms, distribution intermediaries, and automated advisory tools may prioritize products with higher commissions or greater revenue potential for insurers rather than those best suited to customers' needs. This divergence of interests undermines trust and contributes to policy lapses and disputes.

A recent illustrative example worldwide is Home Depot v. Steadfast Insurance Co. (United States, 2025). Home Depot-the leading retail conglomerate in the United States-filed a lawsuit against its insurer seeking compensation for damages arising from a cyberattack that exposed customers' payment card data. However, both the federal trial court and the appellate court rejected Home Depot's claims because the insurance policy contained a clear electronic data exclusion clause. As the policy expressly excluded "electronic data," claims relating to cardholder data were not covered. This case demonstrates that even in developed countries, where legal frameworks and insurance contracts are negotiated between the parties, the absence of clear provisions addressing digital risks can easily give rise to disputes over coverage and the policyholder's rights. This also represents a key challenge for Vietnam in improving its legal framework on digital insurance to protect consumer rights.

For instance, in the case of Brit UW Ltd v. F&B (2025), the insurer successfully avoided the insurance contract when the policyholder failed to disclose pre-existing ground settlement conditions and tunnelling works. While the law clearly prescribes the duty of honest disclosure, in the digital context, the large volume of data, automated processes, and online contracting procedures make the performance of this duty increasingly complex. This underscores the need for more detailed regulations to protect consumers in the digital environment and to ensure transparency.

These risks underscore the necessity of establishing a unified risk governance and consumer protection framework in the field of digital insurance. Without clear legal standards, transparency in disclosure, data protection, and intermediary oversight, the power imbalance between insurers and policyholders is likely to deepen in the digital environment. In parallel with a clear legal framework, technical standards on data storage and security should be developed and applied, together with enhanced mechanisms for swift and fair dispute resolution to safeguard consumers' legitimate rights and interests throughout the entire life cycle of digital insurance contracts.

5. Regulatory Compliance Challenges in Protecting Digital Insurance Consumers

Although Vietnam has gradually developed a regulatory framework to govern digital insurance activities, compliance obligations remain fragmented and insufficient to effectively address the complex risks inherent in online distribution channels.

5.1. Transparency and access to information in the digital environment

The Duty to Explain and Provide Information to Customers by Insurance Service Providers

In the insurance sector, the duty of insurance service providers-including insurers, agents, and brokers-to provide information that is honest, complete, and transparent plays a pivotal role in safeguarding customers' rights.

Under Vietnamese law, insurance undertakings are obligated to publicly and transparently disclose all information relating to insurance products, including: the rights and obligations of the insured, premium rates, applicable conditions, exclusions of liability, as well as claims procedures and settlement processes (Law on Insurance Business, 2022, Articles 22-23)… The Law on Consumer Protection 2023 also explicitly stipulates the responsibility of business organizations and individuals to provide information that is truthful, accurate, and easy to understand, and not to conceal any information that may affect consumers' rights and interests (Law on Consumer Protection, 2023, Article 16).

However, in practice, the implementation of transparency obligations during the conclusion of electronic insurance contracts remains problematic. In recent years, numerous consumer complaints have arisen regarding the lack of transparency in the advisory and information-provision activities of insurance undertakings, agents, and brokers, particularly in the life insurance sector. In 2023, more than 3 million life insurance contracts in Vietnam lapsed, with bancassurance-one of the primary insurance distribution channels-recording first-year lapse rates of 39-73%, underscoring the consequences of inadequate disclosure and advisory practices. For example, Mrs. L. (Hanoi) signed a life insurance contract based on a bank employee's advice while depositing savings. Over time, she discovered that she had been enrolled without a clear understanding and, being unable to pay premiums beyond the second year, her contract lapsed. Mrs. L. filed a complaint with the insurer requesting reimbursement of VND 30 million that had been converted into premiums, citing errors in her health declaration and misleading advisory practices; however, the company rejected her claim on the grounds that she had signed the application and exceeded the 21-day reconsideration period (Tiền Phong, 2024).

According to experts in the insurance field, current advisory practices face significant challenges both from insurance service providers and from customers themselves. One key reason for the lack of transparency in information provision stems from consumers' information-receiving habits. Specifically, many customers are impatient or, after receiving advice and proceeding to contract conclusion, exhibit a psychological tendency to trust and refrain from reading the entire contract, or focus only on short-term financial benefits while overlooking risk-related clauses or exclusions of liability.

Conversely, insurance agents and consultants, even when fulfilling their statutory duty to inform, may still provide incomplete advice. This may result from sales pressure, which leads them to emphasize positive market scenarios while seldom mentioning risks, compounded by customers' own psychological preference to hear only favourable situations. These factors contribute to distorted expectations on the part of policyholders.

In addition, the limited professional capacity of the advisory workforce is also a significant issue. Many agents and brokers lack sufficient expertise to accurately explain matters relating to specific medical conditions, technical terms, or specialized risks. This underscores the urgent need for clearer and more detailed legal provisions on the content of insurance contracts, alongside requirements for insurers to strengthen training and quality control of advisory activities.

Similar concerns have also been raised by the European Union with respect to automated insurance advisory tools, emphasising transparency, the duty to provide explanation and accountability, as well as the protection of users' autonomy in order to minimize the risk of biased or incomplete advice (Skalski & Tereszkiewicz, 2025, p.467-469).

Moreover, international experience also shows that whether customers fulfill their reciprocal disclosure obligations largely depends on the quality of advice provided by the insurance service provider. For example, in Brit UW Ltd v. F&B (2015), the English court allowed the insurer to void the contract because the policyholder failed to disclose essential information about ground subsidence and tunnelling works. The policyholder's non-disclosure also led to disputes. This further demonstrates that, in digital insurance, service providers must exercise a clear duty of advice and disclosure so that customers understand and accurately report information, thereby avoiding disputes.

Thus, the above analysis highlights the importance of establishing a mechanism for quality control of insurance advisory services, including: standardizing advisory content, mandatory training for agents, and setting up transparent supervisory mechanisms-especially in a context where insurance products are becoming increasingly diverse and complex.

5.2 Audio and Video Recording in Insurance Advisory Services

At present, the 2022 Law on Insurance Business and Circular No. 67/2023/TT-BTC issued by the Ministry of Finance require insurance undertakings to make audio and video recordings during the provision of insurance product advice. This measure partially addresses the aforementioned practical issues and helps insurers comply with legal regulations, particularly with respect to their obligation to provide information and to safeguard customers' rights and interests. However, Vietnamese law currently limits such recording requirements to investment-linked insurance products, and the audio recording obligation applies only to certain aspects of product consultation at the time the policyholder signs the insurance proposal form, as provided in Point (đ), Clause 2, Article 53 of Circular No. 67/2023/TT-BTC and Decree No. 46/2023/ND-CP (Ministry of Finance, 2023; Government of Vietnam, 2023). It is worth noting that this regulation raises several limitations:

First, the risk of incomplete advice beyond the scope of mandatory recording. The current legal framework requires audio or video recording only for certain legally prescribed contents at a specific point in time and applies solely to investment-linked insurance products. This leaves a substantial gap with respect to earlier stages such as initial consultations, product orientation discussions, explanations of exclusion clauses, and financial illustrations. Yet these pre-contractual stages are precisely when customers make their decisions about whether to purchase insurance. As a result, consumers may still receive incomplete or inaccurate advice or be misled without having any evidentiary basis to protect their own rights in the event of a dispute.

Second, the lack of control mechanisms and evidence in disputes due to the absence of a requirement to record the entire advisory process.

For insurance service providers, proving that they have fully discharged their duty to provide information and advice in an honest and clear manner remains a significant challenge. Conversely, consumers-already disadvantaged in terms of expertise-lack a legal basis and evidentiary means to assert that they were not adequately advised, leading to misunderstandings or misinterpretations of the nature of insurance products. Although the law has introduced requirements for audio and video recording during advisory activities, the scope of application is not comprehensive and does not cover the entire content, thereby creating potential risks of opacity, increasing legal disputes, and undermining the effectiveness of consumer protection mechanisms.

Accordingly, it is necessary to consider expanding the scope of audio and video recording in financial advisory activities in general, and in insurance advisory in particular, similar to the European Union's Directive 2014/65/EU (MiFID II - The Markets in Financial Instruments Directive). Article 16 of MiFID II (2014) obliges investment firms to retain complete records of services and transactions-including unsuccessful transactions-such as audio recordings, electronic communications and meeting minutes, for a period of 5-7 years.

Third, the risk of privacy and confidentiality violations.

The current regulations are unclear regarding the mechanism for storing recordings, including the format, retention period, data security standards, and the rights of access, ownership, and control over the information by the relevant parties.

Furthermore, Point (đ) Clause 2 Article 53 of Circular No. 67/2023/TT-BTC provides that: "*Where there is other related information and such information relates to private life or personal secrets, the audio recording of such information must be consented to by the policyholder.*" However, the current legal framework still fails to clarify key legal issues, such as what constitutes "other related information," whether customers have the right to refuse recording, whether they must be fully informed before recording takes place, and which entity holds ownership of the recording. This remains a legal gap that has yet to be comprehensively addressed.

Validity and evidentiary value of electronic insurance contracts

At present, the majority of insurance undertakings have implemented electronic insurance contracts in place of paper-based documents. In the course of digital transformation, many insurers aim to completely replace paper contracts with electronic contracts to achieve a "paperless" objective; prominent examples include major insurers such as Prudential, Manulife, and Chubb Life, which are pursuing the goal of 100% paperless processes (Diễm Ngọc, 2025). An electronic insurance contract consists of the agreements between the insurer and the customer, expressed in the form of data messages. In this form, both the insurer and the customer benefit from greater convenience in the contracting process.

However, one of the major issues concerning electronic insurance contracts is the ability to prove their existence and legal validity in cases where the policyholder requests verification or when legal disputes arise. With 3,39 million life insurance contracts lapsing in 2023, the risk of disputes over contract validity may become even more serious in the digital environment if clear evidentiary mechanisms are lacking.

Although Vietnamese law provides that, in the conclusion and performance of electronic contracts, notifications made in the form of data messages have the same legal validity as notifications in written paper form (Law on Electronic Transactions, 2023, Article 38). However, in practice, numerous barriers still arise when disputes occur. Many courts and competent authorities continue to require the parties to submit insurance contracts in paper form, bearing the insurer's representative's signature and other verification details. In reality, however, insurers typically deliver contracts electronically through online systems without providing hard copies, even upon customer request. As a result, some customers have attempted to print electronic versions of their contracts and seek notarisation, only to be refused due to the lack of authentication of the data message's origin.

To address such issues, some courts have proposed requiring the parties to submit a printed copy of the electronic contract together with the insurer's confirmation of the contract's validity, the insurer's business licence, and other documents proving the legality of the insurance transaction. Yet insurers often decline to provide such confirmation or to supply their business licence. This creates significant difficulties for policyholders seeking benefit payments or dispute resolution.

Although Clause 2, Article 12 of the 2023 Law on Electronic Transactions provides that the conversion of a data message into paper form must include a distinctive authentication mark and information of the agency, organization, or individual performing the conversion, this provision has not yet been clearly or effectively implemented in practice.

By contrast, the laws of countries such as Japan, the European Union, and Singapore contain strict provisions recognizing the legal validity of electronic signatures and the effectiveness of electronic contracts in general, as well as electronic insurance contracts in particular. For example, according to the Electronic Signatures and Certification Business Act, Japan applies a strong legal presumption of validity to electronic contracts, and electronic signatures are deemed to have the same legal effect as handwritten signatures unless evidence is produced to the contrary (Japan, 2000). Similarly, in Singapore, Article 11 of the Electronic Transactions Act (2010) provides: "*A contract shall not* *be denied legal effect or enforceability solely because it is concluded by electronic means*." In addition, Articles 8 and 9 recognize the legal validity of electronic signatures and set out the conditions under which electronic records are deemed valid. In the European Union, an electronic signature may not be denied legal effect or admissibility as evidence in legal proceedings solely on the grounds that it is in electronic form, as stipulated in Article 25 of Regulation (EU) No. 910/2014 on electronic identification and trust services for electronic transactions in the internal market (European Parliament and Council of the European Union, 2014).

In addition, it is necessary to take into account the scope of coverage and the content of exclusion clauses in insurance contracts in the current digital era. As demonstrated by international practice (Home Depot v. Steadfast Insurance Co., 2025), the lack of clear legal standards on electronic data in insurance contracts may lead to disputes. Although no similar cases have yet occurred in Vietnam, it cannot be assumed that such disputes will not arise in the future. This stems from the continuous development of technology, which generates new technological and operational risks.

Thus, compared with other countries, although Vietnam has made significant progress in recognizing the legal validity of electronic contracts, its legal framework remains at the level of general principles and still lacks specific provisions on the authentication, storage, and certification of electronic contracts, particularly in the insurance sector. In other words, Vietnam's legal framework is currently only at the stage of theoretical recognition and lacks effective enforcement mechanisms to safeguard the legal validity of electronic contracts-so as to prevent recurring disputes and better protect consumer rights.

5.3. Protection of personal data in the collection and processing of user information

Customer Information Collection and The Confidentiality Obligations of Insurance Service Providers

In the insurance sector, the collection and processing of customer data is an inevitable requirement for risk assessment, contract formation, and the performance of insurance obligations. Under Decree No. 13/2023/ND-CP on personal data protection, the principle for collecting personal data is that it must be appropriate and limited to the scope and purpose of processing. Specifically, Articles 3 and 4 of this Decree stipulate that personal data may be collected only within the scope appropriate to the identified processing purpose, not exceeding what is necessary, and must be obtained with the clear consent of the data subject.

However, the law provides no specific guidance on how to determine the "sufficiency" of information. This leads to situations in which insurance agents and brokers indiscriminately request customers to provide excessive information, making it difficult for consumers and other stakeholders to ascertain what level of information is appropriate. Consequently, this practice infringes upon privacy rights and is inconsistent with the principle of minimal data collection prescribed by law. Furthermore, the responsibility of parties in cases where insurers demand excessive or unnecessary information from customers has not yet been addressed by legislation.

Studies on the use of digital health data in insurance pricing reveal similar tensions between the duty of disclosure and the right to privacy, underscoring the need for clear legal limits and protective mechanisms (Stroobants, 2025). In other words, customers' uncontrolled disclosure of information to insurance service providers may create a conflict between the obligation to collect information and the protection of personal data, thereby increasing the risk of privacy infringements. In Vietnam, hundreds of consumer complaints received by regulatory authorities concerning bancassurance-one of the main insurance distribution channels-not only highlight deficiencies in advisory practices but also raise concerns about data privacy and consent in digital channels.

Another challenge concerns the obligation to maintain the confidentiality of information when audio-recording insurance consultations. While Articles 17 and 18 of Decree No. 13/2023/ND-CP clearly stipulate that personal data processors are obligated to ensure data security and to implement appropriate technical and organizational measures to prevent unauthorized access, disclosure, alteration, or destruction of data, the current legal framework lacks technical standards and does not clarify how such recordings should be secured, stored, or for how long they must be retained. Nor does it provide specific provisions on the allocation of legal liability in cases where data is leaked or misused.

Third Parties in Electronic Insurance Contracts: Issues of Confidentiality and Data Processing

A notable point in current insurance relationships is that an electronic insurance contract does not only involve an agreement between the insurer and the customer but also includes the participation of a third party-the organization providing electronic contract authentication services-which has access to the entire contents of the contract. This raises two major legal issues.

First, the issue of customer data confidentiality. For an electronic contract (E-contract) in general and an electronic insurance contract in particular to have legal validity, it must be authenticated by an undertaking providing electronic contract authentication services licenced by the Ministry of Industry and Trade. This means that such entities may access and hold the information and contents recorded in the insurance contract, including personal and financial data such as the policyholder's health status and personal details.

Second, the data subject's right to oversight and the legal liability of the authentication service provider. Questions arise as to how liability is allocated in cases of incidents, security breaches, or unauthorized alterations of the contract, and what mechanisms exist for supervising the technical processes and security safeguards-these too are among the critical issues to be addressed.

Article 5 of the Law on Electronic Transactions of Vietnam (No. 20/2023/QH15) clearly sets out the principle of ensuring the security and confidentiality of information in electronic transactions. Likewise, under Clause 2, Article 63 Decree No. 52/2013/ND-CP as amended by Decree No. 85/2021/ND-CP, organizations providing electronic contract authentication services are obligated to "*be responsible for the confidentiality and integrity of electronic documents.*" In the 2023 Law on Consumer Protection, specifically from Articles 15 to 21, the law also recognizes the role and obligations of business organizations, individuals, and third parties involved in the collection, storage, use, modification, updating, and deletion of consumer information in protecting and processing personal data. These are progressive standards, initially aligning with advanced data protection models worldwide.

However, Vietnamese law still lacks detailed provisions on the rights of control and consent, as well as on accountability, when third parties-such as electronic insurance contract authentication organizations-use or disclose customers' personal data in the course of providing services to insurers. The absence of specific rules on compensation liability and the enforcement of violations by third parties also creates difficulties in protecting consumer rights in the event of data risks. Establishing clear legal responsibility and confidentiality obligations for third parties involved in contract authentication would not only safeguard policyholders' rights but also help strengthen trust in the digital contracting environment.

5.4. Key findings on consumer protection in digital insurance

To consolidate the legal issues discussed in Sections 4.1, 4.2 and 4.3, this section presents the key findings relating to fundamental legal criteria for consumer protection in the conclusion and performance of insurance contracts in the digital environment. These criteria are systematized in Table 1 to illustrate the level of completeness of the current regulatory framework, as well as to highlight differences in regulatory approaches between Vietnam and several jurisdictions with more developed legal systems.

Table 1. Comparison of the laws of Vietnam with those of the EU, Singapore and Japan on selected issues of consumer protection in digital insurance

Criteria	Vietnam	European Union	Singapore	Japan
1. Transparency & Information Duties	Law on Insurance Business 2022 and Law on Consumer Protection 2023	IDD mandates transparent, fair, and customer-centric advice, with	MAS (Monetary Authority of Singapore) prescribes	Clear duty to provide understandable advice; misleading

	require truthful, clear, and accurate disclosure; implementation inconsistent, especially in bancassurance and digital sales.	documented explanation of risks, exclusions, and suitability.	standardized advisory content, mandatory disclosure of risks, and full documentation.	or incomplete disclosure may void contracts.
2. Evidence of Advice (Recording)	Circular 67/2023/TT-BTC requires recording only for investment-linked products at the signing stage, leaving major evidence gaps in pre-contractual advice.	MiFID II requires full recording and retention of advisory activities for 5-7 years, including unsuccessful transactions.	MAS rules require all advisory interactions to be recorded and stored for retrieval during disputes.	Advisory records are encouraged and admissible, particularly for complex products.
3. Legal Validity of E-Contracts	Electronic Transactions Law 2023 recognizes data messages as legally valid; courts often still demand paper verification, causing uncertainty.	E-contracts cannot be denied legal effect solely because of electronic form; strong evidentiary presumption.	ETA 2010 provides default legal validity for e-contracts and e-signatures.	E-signatures have full legal equivalence to handwritten signatures; strong presumption of authenticity.
4. Data Protection	Decree 13/2023-NĐ-CP establishes consent and purpose-limitation principles but lacks proportionality criteria and technical safeguards.	GDPR enforces data minimization, explicit consent, audit trails, and significant penalties for breaches.	PDPA mandates explicit consent, defined retention limits, and robust technical and organizational safeguards.	Comprehensive privacy law imposes strict consent and confidentiality duties; violations may incur civil or criminal sanctions.
5. Third-Party Liability in E-Contracts	Certification entities recognized but with unclear liability, compensation duties, and oversight.	Clear liability and supervisory obligations for certifiers and processors.	Explicit accountability and reporting duties for certifying and intermediary providers.	Certifying entities must comply with strict traceability and data-security standards.
6. Implications for Vietnam	Regulatory framework remains principle-based; should expand full-process recording, establish evidentiary standards for e-contracts, clarify data-minimization rules, and assign explicit liability to certifiers.	Vietnam can adopt full-process recording, retention and proportional data collection rules, and liability standards.	Vietnam can emulate MAS's enforcement and auditing mechanisms.	Vietnam can strengthen evidentiary presumptions and require technical traceability standards.

(Source: synthesized, 2025)

The results set out in the table demonstrate that Vietnam has formally recognised the core legal principles of consumer protection in digital insurance; however, clear enforcement mechanisms remain lacking, particularly with respect to evidentiary requirements for advice, the authentication of electronic insurance contracts, and the legal liability of providers of e-contract certification services.

6. Recommendations for Improving The Legal Framework on Consumer Protection in The Digital Insurance Environment

From the perspective of policyholders' rights, it can be observed that Vietnam's current insurance law has initially incorporated principles and mechanisms aimed at protecting consumers in the digital environment. However, practical implementation still reveals legal gaps, particularly in the context of rapid technological development and the diversification of insurance products. Given the high lapse rates, thousands of complaints, and large-scale inspections with proposed financial sanctions amounting to VND 6,347 billion in 2024, Vietnam's legal framework needs to strengthen mechanisms for transparency, dispute resolution, and data protection in order to restore consumer trust in digital insurance.

Issues such as the lack of transparency and completeness in insurers' duty to provide information to customers, the legal validity of electronic insurance contracts, the ambiguous responsibilities of third parties, and the inadequacy of mechanisms for protecting personal data all reflect the fragmentation and insufficiency of the legal system in the field of digital insurance.

Based on an analysis of the current legal framework, the practical legal issues arising, and a comparison with certain international standards and foreign legal systems, this article offers several recommendations to strengthen the protection of customers' lawful rights and interests within the digital insurance ecosystem.

First, strengthening the information obligations of insurance service providers. The law should codify the information obligations of insurers and insurance agents throughout the entire life cycle of an insurance contract in general, and digital insurance in particular-from consultation and conclusion to performance and termination. Although many insurers have developed relatively detailed and rigorous procedures to accompany customers after policy issuance, the absence of clear statutory provisions on the minimum information to be disclosed has led each undertaking to design its own standards. While this increases internal control, it still poses risks to consumers' privacy and personal autonomy. Establishing statutory minimum standards for advisory information is therefore essential to ensure uniformity and protect customers' rights.

Second, expanding the requirement for audio and video recording to cover the entire advisory and contracting process and all types of insurance products. This should not be limited to investment-linked insurance. At the same time, the law should introduce mechanisms to obtain policyholders' informed consent before recording and to address violations when they occur.

Third, establishing a mechanism for verifying the validity of electronic contracts in the event of disputes, particularly where no paper contract exists.

Technical standards on data storage, authenticity, and integrity should also be implemented in accordance with minimum benchmarks.

Fourth, enhancing the mechanisms for protecting personal data and customer privacy, especially in the current digital environment. First, the principle of "minimal, purposeful, and appropriate data collection" stipulated in Decree No. 13/2023/ND-CP must be effectively applied by defining the minimum dataset to be collected. Next, the law should establish technical standards for the handling of audio and video recordings, including secure storage, access limitations, and retention periods. It should also clearly identify the legal risks and liabilities of third parties, such as electronic contract authentication organizations or digital data storage providers. This obligation must be closely tied to confidentiality requirements and civil liability in the event of data breaches or losses. Clarifying the duties and sanctions applicable to all relevant actors-from insurers and intermediaries such as agents and brokers to authentication and electronic contract storage organizations-not only safeguards consumer privacy but also helps strengthen customer trust and build a transparent and sustainable digital insurance market.

7. Conclusion

The rapid development of digital technology has been transforming the way insurance services are delivered, distributed, and managed. Undertakings have optimised their processes to expand access to a diverse range of insurance products for a wider customer base. However, this process simultaneously poses legal challenges for Vietnam, most notably the risk of infringing upon the rights of policyholders-who are inherently the weaker party in this relationship.

To protect the rights of digital insurance consumers, it is essential to develop a legal framework centred on the consumer. Beyond merely recognizing basic principles and obligations, Vietnamese law must introduce specific solutions and standards, such as standardizing information-disclosure and advisory duties; fully recognizing the legal validity of electronic contracts; establishing robust mechanisms for personal data protection; and strengthening supervision, accountability, and sanctions applicable to insurers and intermediaries. These recommendations require in-depth research to design legal solutions consistent with international standards. If implemented comprehensively, they will enhance the effectiveness of law enforcement and better protect policyholders, thereby fostering a transparent and sustainable digital insurance market in Vietnam.

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