**OBLIGATION TO PROVIDE INFORMATION
WHEN ENTERING INTO AN INSURANCE CONTRACT**

As people’s living standards are constantly improved and their financial resources get more abundant, they tend to strive for a happier, more peaceful life and start to think about preparations for risks that may arise in the future. Amid such circumstances, insurance is invented to be an optimal financial service, a mechanism for ensuring social security and the best tool to protect people from unforeseeable risks. However, not every insurance cost is paid when an insured event takes place. Accordingly, in many cases, purchasers of insurance are denied insurance proceeds because they have violated their obligation to provide information. So, what is an obligation to provide information and what do purchasers of insurance, insured persons and insurers have to do to avoid violating this obligation? Within the scope of this article, the author will concentrate on clarifying provisions of Vietnamese laws on the obligation to provide information of each party to an insurance contract.

1. **Definition of an insurance contract**

An insurance contract is an agreement between a purchaser of insurance and an insurer, pursuant to which the purchaser of insurance must pay an insurance premium and the insurer must pay insurance proceeds to the beneficiary or indemnify the insured person upon occurrence of the insured event.

Currently, insurance contracts are divided based on the subject matter and benefit being insured into three groups including contracts of personal insurance, contracts of property insurance and contracts of civil liability insurance. Accordingly, the subject matters of personal insurance contracts are human beings’ health, safety, longevity and life. On the other hand, the subject matter of  property insurance contracts is property; and the subject matter of civil liability insurance contracts is the insured person’s civil liability towards a third party in accordance with the law.

Apart from contents additionally agreed between the parties, an insurance contract shall comprise the following contents:

a) Names and addresses of the insurer, of the purchaser of insurance, and of the insured person
or beneficiary;

b) Subject matter insured;

c) Sum insured, and value of property insured in the case of property insurance;

d) Scope of insurance, insurance terms and conditions;

đ) Exclusion clauses;

e) Period of insurance;

g) Insurance premium rate and method of payment of insurance premium;

h) Time-limit for and method of payment of insurance proceeds or indemnity;

i) Provisions on dispute resolution;

k) Day, month and year of entering into the contract.

With regard to life insurances, before entering into contracts with purchasers of insurance, insurers shall register the standard form contracts at the Department of Industry and Trade in case the contracts will be applied within a province or a provincial city or the Ministry of Industry and Trade in case the contracts will be applied nationwide or within two or more provinces.

According to the law and contents of all current insurance contracts, every purchaser of insurance, insured person and insurer is obligated to provide information. The obligation to provide information of these subjects shall adhere to the principles of sufficiency, good faith and honesty in order for the parties to assess potential risks to decide whether they should enter into the insurance contract or not. Simultaneously, the information provided by the parties will also be used as evidence before a court of law when disputes arise.

1. **The obligation to provide information of purchasers of insurance**

When entering into insurance contracts, purchasers of insurance shall provide personal information such as name, age, financial situation, marital situation, medical information, etc. for insurers to consider and assess the approval of the purchaser of insurance’s application for insurance, determine the insurance premium payable and insurance coverage received when the insured event occurs.

To make the process of information provision of purchasers of insurance more convenient and less time-consuming, most insurers nowadays use questionnaires to collect information of purchasers of insurance. The majority of these questions are “yes/no” questions and will be recorded in the application for insurance. When they answer “yes” on a question, purchasers of insurance will be required to provide information in the detailed description section to explain their answer. The main topics of these questions usually revolve around the living habits, occupational and health situation of the purchasers of insurance and insured persons.

Pursuant to Point b, Clause 2, Article 18 of the Law on Insurance Business 2000, purchasers of insurance shall sufficiently and faithfully provide all details related to the insurance contract at the request of the insurers. Accordingly, purchasers of insurance shall declare and answer the questions in the application for insurance in an honest and sufficient way. Moreover, to emphasize the compulsion of the purchasers of insurance’s obligation to provide information, the Law on Insurance Business 2000 dedicates the entire Article 19 – Responsibility to provide information, to regulating this matter. Correspondingly, when entering into insurance contracts, purchasers of insurance shall sufficiently provide the insurers with all information relevant to the subject matter of insurance and take responsibility for the accuracy and truthfulness of such information.

Apart from the obligation to provide information at the establishment of insurance contracts, purchasers of insurance shall also inform the insurers of circumstances that may increase the risk or generate more responsibility on the part of the insurers during the implementation of insurance contracts when requested by the insurers.

In the event the purchasers of insurance violate their obligation to provide information, the insurers are entitled to unilaterally suspend the execution the insurance contracts and collect insurance premiums up until the time of suspension.

1. **The obligation to provide information of insurers**

Similar to purchasers of insurance, when entering into insurance contracts, insurers are also responsible for complying with the obligation to provide information. Accordingly, insurers shall sufficiently provide information relevant to the insurance contracts, explain the conditions and terms of insurance, the rights and obligations of each party for the purchasers of insurance and take responsibility for the accuracy and truthfulness of the information they provide.

In addition, stemming from the privacy and sensitivity of the information provided by purchasers of insurance, insurers shall keep such information confidential and shall not disclose such information to any third party, unless consented by the purchasers of insurance or at the request of competent state agencies.

Purchasers of insurance also have the right to unilaterally suspend the implementation of insurance contracts and require insurers to compensate if they discover that the insurers intentionally provide false information in order to enter into the insurance contracts.

Therefore, as we can see, compliance with the obligation to provide information is mandatory when entering into and implementing insurance contracts. The main reason for this stems from the peculiarity of insurance contracts. Accordingly, different from other contracts, insurance contracts are essentially financial safeguards for purchasers of insurance by transferring the risks to the insurers. The transferred risks are risks occuring in the future and not really existing at the time of contract establishment, hence, they are very hard to be predicted and determined. The insurers can only refer to the information provided by the purchasers of insurance to forecast potential risks and decide whether or not to sign the insurance contracts. As a result, the information provided by the parties before or during the implementation of insurance contracts must truly be complete and honest.