

DISASTER RISK TRANSFER SOLUTIONS FOR URBAN SETTINGS IN VIETNAM



OBJECTIVE OF THE STUDY

To assess the feasibility of setting up a disaster risk transfer solution for climate-vulnerable cities in Vietnam and clarifying key questions, including (among others) the existing law, data availability, available cat models, current funding of disasters, stakeholders involved in DRI and the payment of premium.

MAIN RESULTS

- The key climate hazards to Viet Nam's largest and most vulnerable cities are flood (in particular riverine floods) and typhoons.
- Despite the existing budgetary provisions which set aside 2-5 % of the available resources for disaster contingencies at the national and provincial levels, the Government of Viet Nam still faces a funding gap after disasters.
- A strong legal basis exists for disaster risk management including the 2014 Law on Natural Disaster Prevention and Control, and Law on Management and Use of State Property 2017 but there is a lack of formal pathway for insurance procurement and no formal methodology approved by the State for asset classification.
- Disaster risk insurance is only covered as an add-on to existing property, construction and erection all risks insurance policies with very low penetration rates. While public assets are insured for fire and explosion, disaster insurance for flood and typhoon is very low to nonexistent.
- There are a number of catastrophe modelling and data initiatives in Viet Nam that could accelerate the development of disaster risk transfer solutions.
- While parametric insurance is permitted in Viet Nam, take up of such policies has been limited in the past and the best choice of form of insurance will depend upon the needs of Vietnamese cities and central government.
- There is a lack of a comprehensive database of public assets at city, provincial or national government agency/Ministry level and ownership needs to be determined.



Project

Disaster Risk Transfer Solutions for Urban Settings in Vietnam



Partners

AXA Climate, WTW, Guy Carpenter with the collaboration of UNDP and ADB



Region

Vietnam (Can Tho, Da Nang, Hai Phong, Bien Hoa and Nha Trang)



Main risks

Flood and typhoon



Policyholder

Sub-national / National Government



Insurance asset

Public assets (detailed list tbc)