



SOCIETY OF ACTUARIES

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Development of the Actuarial Profession in Vietnam

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1. Background Insurance Industry Information

The Vietnam life insurance industry is still in its infancy. The first life company, Bao Viet Life, was set up by the government of Vietnam in 1996 and foreign insurers were allowed to enter the market in 1999. Three 100 percent foreign-owned subsidiaries and one joint-venture life insurers, namely Manulife, Prudential (United Kingdom), AIA and Bao Minh-CMG, started operating in 2000. The insurance laws were promulgated by the National Assembly in April 2001 forming the legal basis for the industry.

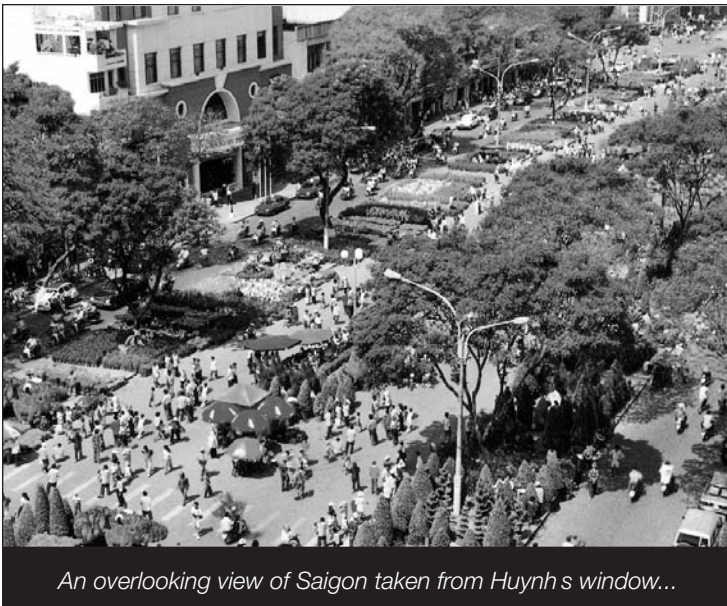
Since the liberalization, the industry has grown rapidly in all relevant measures. As of the end of 2002, the number of life policies in force has exceeded three million lives with total annual premium exceeding \$300 million USD. While this is a small, absolute figure, it represents almost 1 percent of Vietnam's GDP, a remarkable achievement for a short period. The number of people employed by the industry has now reached almost 70,000 countrywide. Most importantly, the assets invested by the life insurers are making significant impact on the development of the country's nascent capital market. The life companies are solely responsi-

market, and for the first time, Vietnam actually has a yield curve serving as a benchmark for other financial activities.

While the industry has quickly developed in the past three years, the process for human resource development has been lagging behind. Vietnam, with only rudimental departments of insurance study in two universities countrywide, had practically no insurance professionals in 1999. The efforts by the multi-national life insurance companies in the past three years helped develop a small but inadequate number of professionals. The situation is the bleakest for the actuarial field. There are less than a dozen students pursuing an actuarial career, most with only a few exams or less, and none has obtained the necessary exposure to prepare themselves for a long-term actuarial career.

The fast pace of development for the industry has not been matched with parallel development of the regulatory system. Vietnam currently only has a Division of Insurance within the Ministry of Finance. It is expected that this division will be upgraded to a Department of Insurance within the next few months. While this is encouraging news, the general level of power, and more importantly, the level technical expertise is low. The Vietnamese government needs a lot more assistance from companies and professional associations in order to learn to regulate the industry. At the moment, the government only has the promulgated the Insurance Laws and a few Decree & Circulars to help regulate the operation of life insurers. Many areas are left uncovered.

Since the concept of life insurance is relatively new in Vietnam, the general public's knowledge of the related subject is still very limited. There still is not an appropriate translation for the terms "actuarial science" and "actuary" in the Vietnamese language, let alone most other more technical terminologies. This low level of awareness also results in a lack of knowledge about the insurance industry in general and about actuarial science in particular amongst the Vietnamese students.



An overlooking view of Saigon taken from Huynh's window...

2. Proposed Focus for Ambassador projects in Vietnam

Given the current conditions of the life insurance industry in Vietnam, the SOA's focus should initially cover the important areas of:

- (i) Information dissemination
- (ii) Actuarial education encouragement
- (iii) Regulatory assistance
- (iv) Social activities coordination

There are many other areas where the SOA could also be active and of benefit to the country. However, given the small number of actuaries present in Vietnam and the limited resources, the initial activities and programs of the first two years should be well-focused and restricted to the above areas.

3. Proposed Work Plan for the Society of Actuaries Ambassador in Vietnam

Over the next 12 to 18 months, the proposed work plans for the different focused areas are as follows:

3.1 Information Dissemination

- a. Set up a Vietnam Country Web page for the SOA. Even though Internet usage is still low for the general population, the younger generations are sufficiently web-savvy and should be targeted to ensure an increase in the awareness for the actuarial profession and for the SOA.
- b. Cooperate with the major newspapers to publish articles promoting the actuarial profession and the SOA.
- c. Lecture the faculties of business management, science, statistics and mathematics of the various universities on the significance of the actuarial profession in the sound development of the insurance industry.
- d. Give actuarial publications to students in targeted faculties in selected universities in order to increase the level of awareness of the actuarial profession amongst the university students.

3.2 Actuarial Education Encouragement

- a. Establish a permanent examination center in Ho Chi Minh City to facilitate the existing students' effort to participate in the examination process.
- b. Cooperate with selected local universities to encourage the setting up of an actuarial curriculum based on a recommended approach by the SOA.
- c. Grant actuarial textbooks to the libraries of selected universities to provide students with better access to actuarial and research materials.
- d. Coordinate actuarial study group to assist local students to successfully write the SOA examinations.

3.3 Regulatory Assistance

- a. Create the actuarial sub-group for the Vietnam Insurance Association. This sub-group will act as the main conduit for the industry to provide technical assistance to the government.
- b. Invite members of the board of the SOA to visit the country and to conduct seminars covering subjects interested in by the authorities. These visits by the board members will create tremendous opportunities for the branding and educational efforts.

3.4 Social Activities Coordination

- a. Create an actuarial club of Ho Chi Minh City to provide a social forum for existing members and potential actuarial students to meet and exchange information. This forum will also provide the SOA with the platform to perform meaningful charitable and social activities.
- b. Coordinate regular social get-togethers and events for the small but growing actuarial community of Ho Chi Minh City.
- c. Publish a fun letter to inform members of the important and not so important developments in the country and the industry. □



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