Leaders of Tomorrow

The "X Factor" in Unlocking Insurance Growth in Emerging Markets

A case study of Vietnam

Nhat Anh Tran, Enterprise Risk Manager,
MSIG Asia Pte Ltd.

INTERNATIONAL INSURANCE SOCIETY

Affiliated with The Institutes

Table of Contents

Introduction

Born and raised in Vietnam, I spent my childhood during the early 1990s, the struggling years of the country's economic reform, or so-called "Doi Moi." Back then, Vietnam was a low-income nation heavily reliant on agriculture, with gross domestic product (GDP) per capita of less than $200[1].

Fast forward to the present day, Vietnam has now become the 35th-largest economy in the world, a star performer among the emerging Asian countries. Its GDP continues growing robustly, outpacing most other developing Southeast Asia neighbours, and per-capita GDP has increased twentyfold over the past three decades [1]. This remarkable transformation offers significant growth potential for the insurance industry as well as increased interest from global investors [2]. Vietnam's insurance sector is valued at $11 billion as of 2022 and is projected to reach a value of $25 billion or more within the next five years [2].

Despite promising prospects, the market's current development has been falling short of its potential and facing numerous challenges, similar to those faced by other emerging markets.

As part of my job as a regional enterprise risk manager, I have the opportunity to learn about the diverse and unique themes of emerging insurance markets in the Asia Pacific. Using Vietnam as a case study, I will discuss emerging insurance markets' specific potentials and challenges. Most importantly, I will emphasise an "X factor" that, in my opinion, is the most critical component to unlock the market's full potential for sustainable development. Hopefully this paper can further contribute to broader discussions on insurance market development in other emerging markets worldwide.

In other words, let us explore the "X factor" that could solve the following hypothetical growth equation for emerging markets:

$$\boxed{\textit{Emerging strengths and potentials} + \boldsymbol{X} = \textit{Sustainable and developed insurance market}}$$

The Three Growth "Disparities"

In finding the key to the above macro equation, I would start at a more granular level by zooming in on three main underlying disparities between the two sides: the rising strong potentials and the current underdeveloped market.

1. *Disparity No. 1: A market of dynamic demographics, yet a large insurance gap*

Vietnam features a large and dynamic population with 100 million people in 2023 (ranked 16th in the world) [3] and a growing middle class [4]. The country's digital economy has been booming too, driven by an increasingly tech-savvy population (80 percent of the population are internet users [5], 84 percent are smartphone users, [6] and revenue from digital business contributed 14 percent to 2022 total GDP [7]). Despite these promising advantages for insurance demand, Vietnam's insurance penetration rate (measured by total insurance premium as a percentage of total GDP) was only approximately 2.3 percent, significantly behind other countries in the region such as Malaysia (5.0 percent), Thailand (5.3 percent), or Singapore (9.2 percent) [8].

The country's insurance gap is also evident in its scope. More than 60 percent of the population is living in rural areas [9]. Coastal provinces in Vietnam are highly vulnerable to annual severe flood and storms, causing widespread damages; yet there is a lack of available insurance products specifically designed for flood-prone areas [10]. Agriculture, a vital sector to the economy (contributes 12 percent of total GDP and employs 28 percent of total population [9]) also lacks sufficient insurance coverage, despite government efforts. Microinsurance remains underdeveloped since its initial pilot program back in 2008 [9].

The above insurance gap, particularly among vulnerable populations, is attributable to several factors. On the supply side, inclusive insurance products face challenges such as complicated risks, high losses and operating costs, misalignment among stakeholders (i.e., profits versus social purposes), and ineffective distribution channels to reach rural areas. On the demand side, limited awareness and affordability are key obstacles for farmers and the other vulnerable market segments to obtain coverage [9].

In addition, lagging distribution innovation further widens the above penetration gap. Despite a large pool of internet and smartphone users, digital platforms account for less than 1 percent of total insurance gross written premiums [11]. Digital innovation such as insurtech faces multiple challenges, including a lack of public awareness and trust, concerns about data privacy and security, and the absence of a unified insurance database to enable more efficient processing.

Overall, we need to find solutions to address those challenges for untapped insurance demand of a fast-growing yet vulnerable market like Vietnam.

2. *Disparity No.2: A rapidly growing market whilst lacking prudent practices and an immature corporate risk culture*

Vietnam's insurance market has experienced rapid expansion over the past decade and is expected reach a value of $ 25 billion in the next five years [1]. Its insurance market, particularly the nonlife sector, will remain an attractive target for foreign direct investment (FDI).

However, the business environment is hindered by a lack of emphasis on prudent practices and an underdeveloped corporate risk culture, evidenced by unsustainable profitability and numerous cases of misconduct. While foreign investment and ongoing privatisation is expected to promote more transparency and prudence, significant control failures persist:

- In 2022, one of the largest nonlife insurers (even with major foreign ownership) reported record historical losses with planned capital injection due to poor underwriting results associated with COVID-19 policies [12].
- Leveraging bank ownership, several partnerships have been formed between insurance companies and banks to expand the reach of insurance products. This, however, has raised concerns about potential conflicts of interest and misconduct. In 2023, 14 life insurers (foreign ownership or joint venture included) were inspected by the regulator and found to be involved in various violations associated with Bancassurance misconducts and accounting errors. Banks were accused of pressuring customers to buy insurance for loans or using their savings deposits without consent. Insurance companies failed to properly advise customers, guide procedures, or ensure the quality of advice provided. Agents and bank staff sometimes collude to overcharge customer or to inflate commissions. Consequently, Bancassurance, being the main distribution channel for life policies (accounted for more than 50 percent of total premium), has reported alarmingly high cancellation rates of up to 70 percent of customers cancelling their policies after the first year [13]. This scandal reveals a concerning trend of aggressive sales tactics and a lack of customer understanding within the Bancassurance channel, further signalling underlying lack of prudence and poor risk culture.

Vietnam's emerging insurance market is characterised by complex ownership structure (for nonlife segment: 3 out of top 5 insurers are partially state-owned, 7 out of top 10 are owned by banks or securities companies, all top 10 have foreign ownerships; for life segment: 18 out of 19 are fully foreign-owned or joint ventures). This can potentially lead to misaligned objectives and conflicts of interest. Foreign investors may have different risk preferences and performance expectations. Additionally, institutional ownership (i.e., bank ownership) can also increase risk-taking behaviour of insurers, according to a study by Duong, K.D *et al* (2023) [14]

In addition to the ownership structure, several other key factors also contribute to the gaps in prudent practices and risk culture. Firstly, in a fast-growing emerging market like Vietnam, insurers are under pressure to grow rapidly and expand market share, leading to strategies that overemphasise growth, including unhealthy price-cut competition or inflated commission payouts to insurance agents to boost sales, resulting in unsustainable profit margin. The market, highly fragmented with over 40 players but dominated by a few major ones [15], faces intense competition and tight underwriting profit margins, especially in traditional nonlife motor and health insurance segments [16]. On the life segments, major market players, despite double-digit premium growth and decades of market presence, are still reporting highly volatile profitability with sizable accumulated losses [17].

Secondly, current regulatory framework is still developing, with grey interpretations or lack of clear guidelines to direct insurers toward more prudent practices.

Thirdly, enterprise risk management (ERM) and three-line-of-defense framework within insurers are not yet fully developed. Most insurers prioritise growth and sales, viewing ERM as a mere compliance "checkbox" to meet regulatory requirements. At the same time, ERM function is still in its early stages, with limited capabilities to truly support first-liners in making risk-informed decisions.

Overall, to ensure sustainable growth, the emerging insurance market in Vietnam urgently needs to enhance prudent practices and corporate risk culture by addressing the above issues.

3. *Disparity No. 3: A young and growing workforce, yet a critical talent shortage for the insurance sector*

Vietnam's workforce and educational landscape offer significant advantages to support growth. The country's labour force participation rate is nearly 70 percent of the total population [18], and 58 percent of workforce is under 35 [19]. Large numbers of university graduates from the most popular degrees such as business (25 percent of total university enrolment), technology (12 percent of total university enrolment), and engineering (9 percent of total university enrolment) create a strong talent pool for the growing insurance industry [20]. Additionally, Vietnam has seen a rise in students studying overseas, particularly in developed countries like the United States, Japan, or Australia [21]. These trends promise a growing talent pool with valuable global experience, further enhancing the quality of the future workforce.

In contrast, Vietnam's insurance sector has been facing severe talent shortage. A study by TopCV Vietnam found that 58 percent of insurers reported unfilled vacancies in 2022, making insurance the industry with the highest unfilled vacancies ratio among the 2,200 surveyed companies [22]. Despite reporting the largest increase in recruitment budget and among the most competitive offerings, insurers still struggle to attract talent. This bottleneck can be attributed primarily to the negative perceptions about the industry, especially following recent publicly widespread scandals associated with insurance misconduct, which requires long-term strategies at both industry and individual company levels to address.

To summarise this section, we have discussed the three main disparities that are hindering Vietnam's emerging insurance market. As we will discuss the solutions for these disparities again in later parts of the paper, let's do a quick recap:

- Disparity No. 1: A market of dynamic demographic, yet large insurance gap; due to challenges for supply, demand, and distribution channels.
- Disparity No. 2: A rapidly growing market whilst lacking prudent practices and immature corporate risk culture; due to highly fragmented and competitive market, strong pressure for growth and overemphasis on top-line, potential conflicts of interest, underdeveloped regulatory and ERM frameworks.
- Disparity No. 3: A young and growing workforce, yet a critical talent shortage for insurance sector, due to negative perceptions about insurance industry.

To bridge these gaps to achieve sustainable growth, we need to:

- Drive innovation to bridge supply and demand to resolve insurance gaps and protect underserved segments.
- Promote prudent practices and enhance corporate culture, especially in terms of underwriting and risk management.
- Restore public trust to attract more young talent for future growth of insurance industry.

Make It or Break It: The "X Factor"

In solving the above disparities, whilst there are various strategies to be implemented and many initiatives have been discussed within the industry, I believe there is one overarching, most crucial "X factor" that ultimately determines the success of those strategies:

$$\boxed{Emerging\ strengths\ and\ potentials + \boldsymbol{X} = Sustainable\ and\ developed\ insurance\ market}$$

In my opinion, the "X factor" here is effective leadership.

Within the scope of this paper, I will focus on the leadership exhibited by top-level executives, especially CEOs of insurers in fast-growing markets like Vietnam. I believe leadership is the ultimate "make-or-break" factor for either success or failure of growth, regardless of available resources or multiple strategies.

Leadership is defined by Oxford dictionary as "the action of leading a group of people or an organisation [23]."

A study of insurers' defaults by S&P published in 2013 suggested that management and governance issues are the most common cause of failure [24]. Leadership missteps often lead to other adverse events, such as mispricing, under-reserving, investment losses, or liquidity shortage, that could ultimately result in insolvency for insurers.

Another paper by the Institute of Actuaries of Australia in 2013 also examined historical life insurance failures across different countries, including emerging markets [25]. It identified 10 most common causes of life insurance failures, which were ultimately traced to leadership deficiencies such as incompetence, lack of integrity, excessive risk taking, and pressures from various stakeholders. Many of these leadership deficiencies were particularly relevant to emerging insurance markets, which are more volatile and less mature. They are also aligned with the three disparities we discussed in previous section for the case of Vietnam. In particular:

- Leadership lacking real vision, blindly following market practice with short-term focus can lead to limited product development and unhealthy competition with overemphasis on sales. This can hinder innovations for serving untapped market segments, erode public confidence, and further widen the penetration gap. This can also result in unsustainable profitability and potential misconducts due to pressure from competition. These are similar to disparity number 1 and 2 discussed in the previous section.
- Incompetent leaders are not able to make technically sound and risk-informed decisions to drive a healthy risk culture, leading to imprudent practices and financial losses or insolvency, as demonstrated by several examples mentioned in the disparity number 2.
- Leaders lacking integrity, courage, and ethics are more vulnerable to conflicts of interest, misconduct, and internal control failures. Emerging insurance markets with complex ownership structures (involving state-owned, private sectors, and foreign investors) are more susceptible to mismatch in underlying objectives and risk appetites, resulting in potential conflict of interests, resistance to changes, non-transparency, and low accountability. Leaders who fail to manage those challenges will not be able to do the right thing and promote a healthy corporate culture to support sustainable growth. This failure will lead to deteriorated public confidence in the industry, negatively affecting talent acquisition and retention, as discussed by examples of the Disparities Nos. 2 and 3 in the previous section.

In summary, in my opinion, effective leadership is the ultimately crucial “X factor” for success in fast-growing insurance markets. Given the heightened volatilities in these markets, insurers need exceptional business captains to navigate turbulences in achieving sustainable growth.

Leaders of Tomorrow: In Times of Adversity, Great Leadership is Revealed

While limitations persist, a rapidly growing market like Vietnam, with its many specific challenges, is also an excellent environment to develop and nurture the “leaders of tomorrow.”

Being a young insurance professional who is also playing a part in the growth journey, I will share my perspectives on the “leaders of tomorrow” that are needed for emerging insurance markets. Below are the qualities of growth leaders which I find inspiring, the kind of leader I would want to work with, to learn from, and most importantly, the role model that I aspire to become in the future.

1. Leaders with broad and long-term visions

Vision can be defined as the goal and the direction of the business. It serves as the goal, inspiration, and core values for decision-making. A McKinsey survey revealed that presenting an inspiring vision is the top leadership quality according to 48 percent of executives in the survey [26].

For the insurance business in rapidly evolving markets with many specific potentials, a leader with clear and broad visions who can realise and leverage the country’s unique advantages is a crucial quality, especially to enable product innovation in addressing protection gap issues (Disparity No. 1). Market competition should be driven by innovative visions and not by price-cutting strategies. Only by being opened-minded with broad and long-term visions can insurance leaders bridge the gaps between supply, demands, and distribution to grow beyond traditional market segments. Leadership with unique visions can also inspire others to follow and attract more young talents to participate in their growth journey, helping resolve Disparity No. 3.

Some recent notable examples of innovative visions in addressing insurance gaps are as following:

- Seeing the agriculture sector remains the key area for growth, MSIG Vietnam (a subsidiary of the Japanese insurance giant) has partnered with Hillridge (an Australian insurtech startup) to introduce a new weather-indexed insurance product designed to protect Vietnamese farmers from the devastating effects of drought. The product, powered by Hillridge's platform and underwritten by MSIG Vietnam, offers farmers coverage against the unpredictable climate conditions in Southeast Asia.

The product is the first of its kind in Vietnam and allows farmers to purchase coverage directly online [27].

- Igloo, a regional insurtech firm, has partnered with PVI Insurance, Vietnam Meteorological and Hydrological Administration (VNMHA), and international reinsurer SCOR to introduce a weather-index Insurance product in Vietnam to protect rice farmers from climate-related risks in the Mekong Delta region. The product uses blockchain technology to automate the claim process, making it quicker and simpler, and is designed to be affordable and accessible. Igloo's vision aims to expand the coverage to agricultural communities in other parts of Southeast Asia as well, with a strong belief that technology-driven solutions can make insurance more accessible and affordable [28].
- Saladin Technology Insurance, established in 2021, is another rising insurtech company aiming to revolutionise the insurance industry. "A vision for fair insurance" is the company's commitment, as emphasised by its co-founder and CEO. Leveraging predictive modelling, innovative product design, and robust data analytics, Saladin aims to scale these solutions effectively, ensuring a fair and accessible insurance experience for all. Its notable product includes personal accident insurance for delivery drivers of ride-hailing platforms, a growing demand in Vietnam's growing digital economy. This coverage protects drivers from traffic accidents, death and disability, medical expenses, robbery, theft, and even failed deliveries, which are the common risks faced by delivery drivers due to the nature of their work [29].

In addition to strong visions, powerful leaders must also communicate their visions with clarity and passion, motivating others to pursue the shared goals with enthusiasm and commitment. In a fast-evolving market like Vietnam, there are numerous opportunities, yet many conflicting priorities and missions can overwhelm business leaders. Should we prioritise profit? Or should we focus on serving the public and aiming for long-term goals? The more moving variables there are, the more crucial a strong and clear vision becomes as an anchor to unify all resources toward the shared visions.

2. Leaders with technical and risk management capabilities

The insurance industry is fundamentally built on the concept of risk management. Unlike many other industries, insurers often face high uncertainty over a long-term horizon, as risks can evolve and materialise over many years. For that reason, adequate technical knowledge and risk management skills are the essential qualities for insurance leaders, especially in highly uncertain business environment.

Insurance growth leaders must possess the ability to identify, assess, and mitigate the uncertainties associated with their growth strategies. If leaders fail to manage risks of their very own business, how can they manage risks of others to create value? Especially in emerging, rapidly growing markets where insurers are likely to prioritise growth and market share, strong risk awareness is crucial for survival and growth. Insurance leaders should understand clearly the business vision, objectives, risk appetite, and potential impact of risk decisions on the business, both financially (profit/loss, solvency, capital, etc.) and non-financially (reputation, operational, compliance, etc.).

In Vietnam, many insurers originated as subsidiaries and extended arms of state-owned corporations or financial institutions. As a result, there are a number of insurance executives or CEOs with backgrounds primarily focused on sales, marketing, or banking, especially in nonlife segments. While I agree that salespersons' qualities are a good fit for the role of CEO, and diverse leadership can bring unique competitive advantages to the business, these qualities have to be backed by solid risk awareness and insurance technical knowledge.

Growth leaders must possess the ability to make informed decisions based on understanding the core principles of insurance, including prudent underwriting, risk management, pricing, claims, and distribution. Technical skills are even more important in fast-growing markets to avoid the pitfalls of excessive growth due to imprudent market practices and to overcome the gaps in the current underdeveloped regulatory framework (as discussed in Disparity No. 2 in the previous section). This is evidenced by several recent lessons from other similar emerging markets, such as the recent wave of massive losses and insolvency in Indonesia during 2021-2022, attributed to the overheating growth of credit insurance; or the bankruptcy of several insurers in Thailand from COVID-19 losses, all of which were results of inadequate risk management and poor underwriting practices from unsustainable growth strategies.

What can be done to nurture leaders with technical and risk management skills? Leaders can enhance their technical competency through fostering a culture of continuous learning (such as through courses and relevant certifications), staying updated on industry knowledge (such as data analytics, artificial intelligence, cyber risks, climate risks, etc.), or collaborating with industry experts who can share valuable insights and knowledge.

In addition, insurance companies should also focus on enhancing the quality of the ERM function to support insurance leaders in making prudent risk decisions. It is not ideal to blindly follow global practices and adopt ERM as a compliance tool. ERM function should really act as a forward-looking business partner for the CEOs with relevant and practical risk management and optimisation solutions.

3. Leaders with courage

While we often associate courage with political or military leaders, it is also a crucial quality for business leaders, who have to make risk decisions every day. Courageous leaders are willing to take risks and make bold decisions to drive change and innovation, whilst consistently maintaining prudence and integrity.

McKinsey’s research on top CEOs emphasised that, as “fortune favours the brave,” great leaders must have the courage to take risks and make bold decisions, even when faced with resistance from others or when challenging the status quo in leading strategy execution [26]. Steve Jobs, the former CEO of Apple, is an excellent example of a courageous leader. Jobs was willing to take risks and challenge the status quo. He was also a passionate advocate for innovation and creativity and was able to inspire the best people to work with him to realise his vision of changing the world.

Referring back to the study by the Institute of Actuaries of Australia in 2013 [24], it also suggested that the lack of courage in leadership is the underlying root cause of insurers' failures, highlighting some responses by the business leaders from past impairments:

> *"The advisers placed tremendous pressure on senior management and had a huge amount of power and authority. It was commonly accepted in the company that the most senior advisers were more powerful than the CEO."*

> *"The pressure and the incentives from the global head office were tremendous. New business targets were extremely aspirational, and we chased any business we could get. Initial sales targets were met, but it went downhill from there"*

The above responses are very much relatable to the context of a rapidly emerging insurance market, especially the case of the Vietnam insurance industry with complex ownership structure, which is likely to result in misaligned objectives, conflicts of interest, and increased pressure on insurance leaders in executing growth strategy. Therefore, courage is significantly crucial for growth leaders to drive innovation and to transform the industry toward more healthy, transparent, and ethical practices (to help resolve Disparity No. 2). Courageous leadership is demonstrated by the following behaviours:

- The courage to decisively take ownership and follow through on their visions
- The courage to justify their strategies to stakeholders with logic and business acumen
- The courage to step in to resolve conflict of interests and challenge status quo
- The courage to maintain prudence and integrity in leading growth vision, even when facing pressure from stakeholders
- The courage to inspire people to speak up by being open to honest opinions and constructive criticism

In order to promote courageous leadership, there are several suggestions for insurance companies and investors as follows:

- Insurers can consider strategic privatisation and mergers and acquisitions (M&A) to reduce market fragmentation and reduce complexity of ownership structure.

- Institutional investors can promote qualified insurance professionals with adequate technical knowledge into top executive roles and board of directors, to ensure a good balance of opinions and to promote prudent decisions.
- Foreign investors should review governance structure to mitigate potential conflicts of interest or misalignment such as: introducing long-term performance metrics for foreign CEOs; mandating minimum years of experience in the local market; reviewing performance metrics to ensure realistic growth target with emphasis on bottom line; or being open to promoting local CEOs as long as they can demonstrate competency and qualities of effective leadership.

4. Leaders driven by empathy and genuine passion

Last but not least, I believe that in order to cultivate and develop all those effective attributes, we need leaders with empathy and a genuine heart to "do the right thing." Only by setting their minds on doing the right thing can insurance leaders establish a long-term vision, continue to learn and improve themselves with knowledge and skills to drive innovation, and stay courageous to follow their visions with integrity and prudence.

In a context of developing markets, empathetic leadership is even more important. Without empathy to care for the society and the environment, how can growth leaders make an effort to drive innovation to resolve protection gaps? Where there is a will, there is a way. Leaders who are truly passionate to find a solution will be more likely to succeed and inspire others to follow and support their visions.

Leaders with empathy who are willing to listen and to collaborate might be able to mitigate conflicts and seek solutions that align various interests [30]. This promotes healthy risk culture and a positive organisational environment, which is also in line with the courageous leadership we discussed above.

Vietnamese people are known for their intelligence, optimism, resilience, and collaborative spirit. To effectively lead and work with them, leaders must represent the same attributes. I believe this is the case for other emerging nations as well. Empathetic leaders are open to new ideas, able to see the unique strengths and positive sides of different people, can work well with people, learn from people, trust people and therefore, in return, can gain trust from other people. Based on a study by EY on empathetic leadership, 87 percent of respondents believed that it could inspire positive change in the organisation and 78 percent believed that it could reduce company turnover [31].

More importantly, as discussed above in Disparity No. 3, many current issues with the underdeveloped insurance market are deeply rooted in the negative public image of insurance. When people hear "insurance," they think of heartless policies, complex claim payment process, fraud, and undelivered promises. This leads to low insurance penetration and challenges in attracting young talent to the insurance industry. Only by walking the talk, doing the right thing, and acting with a sincere care for the interests of the customers and policyholders can insurance leaders gradually restore the broken image to build a sustainable future for the growing industry.

Leadership From the Regulator

We should not overlook the importance of leadership by the regulators in emerging markets. Regulators play an instrumental role in shaping the development of insurance leaders. Effective regulatory oversight requires transparent and adaptable regulations that promote ethical conduct, healthy competition, innovation, and competence among industry leaders.

Below are some actions that regulators can consider and continue to follow through (with several progresses have been made since the latest revision to the Vietnam's Law of Insurance Business issued in 2022):

- Actively promote privatisation and M&A to reduce market fragmentation and consolidate ownerships. One example from other developing markets is Malaysia, where the Central Bank of Malaysia (BNM) has been advocating for consolidation within the Malaysian insurance industry, aiming to create more robust and healthy competition by encouraging mergers and acquisitions, limiting new licenses, and enforcing stricter capital requirements [32].
- Impose stricter standards for risk management and internal controls.
- Establish higher standards for competencies of insurance executives and directors.
- Encourage innovation by introducing clearer guidelines on new products such as micro insurance or embedded insurance, including subsidy programs.
- Mitigate unhealthy competition by strengthening requirements to regulate commission payouts and enhance prudent pricing.
- Most importantly, local regulations should be clear and transparent, with no grey interpretation. Only a transparent regulatory framework can enable transparent corporate risk culture and guide leaders in making prudent decisions.

Conclusion

In summary, throughout this paper, based on the case study of Vietnam, I have discussed the "X factor" to address the main disparities for emerging insurance markets.

The three main disparities for emerging insurance markets being examined are:

- A market of dynamic demographic, yet a large insurance gap

- A rapidly growing market whilst lacking prudent practices and an immature corporate risk culture
- A young and growing workforce, yet a critical talent shortage for the insurance sector

I believe that effective leadership is the "X factor" to successfully bridge those gaps and to ultimately unlock the growth potential for emerging markets; more specifically, the leadership coming from the CEOs and top executives of growing insurers.

$$\begin{aligned}&\mathit{Emerging\ strengths\ and\ potentials} + \boldsymbol{Effective\ Leadership}\\ &\quad = \mathit{Sustainable\ and\ developed\ insurance\ market}\end{aligned}$$

I have also shared my view on the key leadership qualities that would be crucial for the "leaders of tomorrow" in emerging markets, which are:

- Leaders with broad and long-term visions to leverage the country's competitive advantages, driving innovations in solving insurance gaps and developing beyond traditional products. Visionary leaders can also inspire others, especially young talent, to participate in their journey to realise their visions.
- Leaders with a strong emphasis on risk management to navigate fast-growing markets with numerous uncertainties, supported by technical soundness in making risk-informed decisions. This will promote a healthy insurance industry and mitigate unsustainable price competition and imprudent market practices.
- Leaders with courage who are willing to take risks to drive innovation, who can align stakeholders' multiple interests and objectives in realising their visions, as well as the courage to maintain integrity and ethical standards in building a transparent, healthy, and open corporate culture for fast-growing insurers.
- Leaders with empathy who have a genuine passion to do the right thing. Empathetic leaders can better understand market needs, build trust, balance various interests, and foster a positive corporate culture. By committing to do the right thing, insurance leaders can help restore the industry's damaged reputation, enhance public awareness, address insurance gaps, and attract more talent to contribute to sustainable growth.

Finally, in cultivating the above "leaders for tomorrow", there are actions required by other market participants:

- *The role of regulators*: In fostering a healthy environment to develop effective leadership, the regulator should promote market consolidation, setting higher standards for competency of insurance leaders, impose stricter regulations to mitigate imprudent competition, encourage new products and innovation, and ensure clarity and transparent interpretation of regulations to enable ethical conducts and compliance.

- *The role of investors/shareholders*: Insurance companies' owners should promote CEOs or top executives who have adequate technical knowledge and risk management focus. Corporate objectives and key performance metrics should also be designed to mitigate conflict of interests, to focus on long-term and sustainable targets.
- *The role of ERM*: ERM functions should be positioned as the true risk partner to support CEOs in decision-making and risk optimisation, by properly adopting ERM practices that are relevant and practical for the business, evolving beyond compliance purposes.

In essence, at the individual level, leadership is about taking ownership for our own actions and growth. I hope this paper can motivate young insurance professionals in emerging markets to embark on a continuous learning journey in becoming future growth leaders, contributing to the sustainable development of both local and global insurance industry.

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