

Establishing and Effectively Operating A Compensation Fund in Notarial Practice: International Experience and A Proposed Model for Vietnam

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Abstract
Liability for damages arising from notarial practice not only requires compensation for injured parties but also directly concerns the legal certainty of transactions and the credibility of notarial institutions. As Vietnam continues to improve its legal framework governing notarization, it has become increasingly necessary to examine financial mechanisms to ensure the fulfillment of compensation obligations, particularly because professional liability insurance cannot cover all potential risks. Drawing on legal analysis, comparative legal research, and an institutional approach, this study examines the experiences of France, Québec (Canada), and the United States to clarify the legal foundations, funding arrangements, governance mechanisms, and conditions for compensation payments. The analysis indicates that a compensation fund should be designed as a supplementary protection mechanism, with a clear allocation of responsibilities among the fund, professional liability insurance, and the compensation obligations of notarial practice organizations. Accordingly, the study proposes a fund model based on risk-adjusted contributions, transparent governance, independent oversight, and the protection of the legitimate rights and interests of injured parties.

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1. Introduction

Notarization plays an important role in ensuring legal certainty in civil and commercial transactions and contributes to dispute prevention by certifying the authenticity and legality of contracts and transactions. Nevertheless, the legal validity of notarized instruments does not necessarily eliminate errors or unlawful conduct in notarial practice. Losses arising from the incorrect determination of parties' legal capacity or status, inadequate verification of the legality of documentation, or breaches of professional obligations may directly affect the property rights and legitimate interests of the parties concerned. The issue, therefore, extends beyond identifying the liability of notaries and notarial practice organizations to ensuring that such liability can be effectively discharged. From a law and economics perspective, Calabresi (1970) [4] argues that the design of loss-allocation mechanisms must account for prevention costs and the social costs of harm. Adopting a similar approach, Shavell (1987) [21] demonstrates that the effectiveness of legal liability depends on its capacity to create incentives for risk prevention and to allocate financial consequences reasonably among the parties involved.

In Vietnam, liability for compensation for damage arising from notarial activities was established under the 2014 Law on Notarization and the 2015 Civil Code and continues to be regulated by the 2024 Law on Notarization. These provisions establish the legal basis for the compensation obligations of notarial practice organizations, the reimbursement liability of notaries, and the professional liability insurance mechanism (National Assembly, 2014, 2015, 2024) [16, 17, 19]. However, the existence of a legal obligation does not, in itself, ensure that injured parties receive full and timely compensation. Where the amount of damage exceeds the financial capacity of the liable party, or disputes arise concerning the scope of insurance coverage, the discharge of

compensation obligations may encounter substantial obstacles. Bui and Pham (2022) [3] examine compensation liability from the perspective of notaries' professional responsibilities, whereas Hoang (2019) [10] emphasizes the need to identify the proper defendant accurately. These studies suggest that determining the legally liable party must be distinguished from establishing whether sufficient financial resources are available to remedy the damage.

International experience offers several approaches to addressing this issue. In France, mechanisms securing notaries' professional liability operate within a highly institutionalized notarial profession, whose legal foundations are established by Ordonnance n° 45-2590 du 2 novembre 1945 relative au statut du notariat (République française, 1945) [20]. In Québec, Canada, the compensation fund mechanism associated with professional organizations illustrates the potential to reconcile practitioners' liability with public protection within a system of professional regulation (Assemblée nationale du Québec, n.d.). California, United States, meanwhile, imposes financial security requirements on notaries through a surety bond mechanism (California Legislature, n.d.). Despite differences in legal traditions, the scope of notarial practice, and regulatory arrangements, these experiences suggest possible approaches to designing financial safeguards that supplement individual compensation liability and professional liability insurance.

A central question is whether establishing a compensation fund would genuinely strengthen the protection of injured parties or instead generate overlapping liabilities, administrative costs, and moral hazard in professional practice. Without clear rules governing funding sources, eligibility for payments, compensation limits, and rights of recourse, such a fund could become a mechanism for distributing losses inequitably among contributors. Conversely, a contribution regime proportionate to risk exposure, combined with internal controls and independent oversight, could help maintain professional discipline and financial solvency. The principles of transparency, accountability, and risk control in organizational governance advanced by the OECD (2023) [15] provide useful guidance for designing the fund's operational arrangements, although their application requires adjustment to the distinctive legal characteristics of notarial activities.

Against this background, the study seeks to clarify the theoretical and legal foundations of compensation funds in notarial practice; examine international experience in fund organization, resource mobilization, and governance; assess compatibility with Vietnamese law; and propose a feasible model that balances the interests of injured parties, professional liability, and the financial stability of the notarial system.

To achieve these objectives, the study addresses three research questions: (1) What legal foundations and financial conditions determine the necessity, legality, and effectiveness of a compensation fund in notarial practice? (2) What principles derived from the experiences of France, Québec, and the United States can be adapted to Vietnam's institutional conditions and notarial practice? (3) How should a compensation fund in Vietnam be designed in terms of legal status, contribution sources, scope of payments, relationship with professional liability insurance, and oversight mechanisms to ensure sustainable operation? On this basis, the study contributes to the legal rationale for improving the framework governing compensation liability in notarial activities while proposing a financial security mechanism capable of strengthening the protection of individuals' legitimate interests and reinforcing public confidence in the institution of notarization.

2. Theoretical Framework

The establishment and operation of a compensation fund in notarial practice must be examined through the relationship between legal liability, risk-allocation mechanisms, and the protection of injured parties' rights and interests. In essence, a compensation fund does not alter the liability of notaries or notarial practice organizations but establishes a supplementary financial mechanism to ensure that compensation obligations are fulfilled in circumstances satisfying legally prescribed conditions. This approach is consistent with Calabresi's (1970) [4] law and economics theory, under which the effectiveness of a liability mechanism must be assessed not only in terms of its capacity to remedy harm but also by considering prevention costs, administrative costs, and loss allocation. Shavell (1987) [21] further clarifies the relationship between legal liability and behavioral incentives, indicating that a financial security mechanism lacking adequate accountability requirements may weaken practitioners' incentives to exercise due care.

From a legal perspective, the theory of liability for damages provides the basis for delineating the compensation obligations of notarial practice organizations, the reimbursement liability of individuals at fault, and the fund's supplementary financial role. The 2015 Civil Code and the 2024 Law on Notarization establish the legal foundations for identifying liable parties and the principles governing compensation in notarial activities (National Assembly, 2015, 2024) [17, 19]. Nevertheless, legal liability arising from conduct causing damage must be distinguished from the fund's payment obligations, which are subject to separate conditions. The fund does not automatically assume liability for every loss associated with a notarized instrument; its scope of protection must be limited according to the nature of the risk, the legal grounds for compensation, and available financial resources.

The theory of risk pooling and collective financial security explains the rationale for establishing a fund through contributions from participants within the same profession. The institutional organization of the notarial profession in France and the professional regulatory mechanism in Québec demonstrate that the protection of injured parties can be situated within the relationship among individual liability, collective financial safeguards, and professional oversight (République française, 1945; Assemblée nationale du Québec, n.d.) [20]. Risk pooling, however, should not be equated with the equalization of liability. Contribution levels and eligibility conditions should reflect differences in risk exposure, records of professional violations, and each participant's capacity to prevent damage.

From an organizational perspective, governance and accountability theory provides the basis for establishing mechanisms to control the fund's operations. The principles of transparency, allocation of authority, management of conflicts of interest, and independent oversight discussed by the OECD (2023) [15] in the context of organizational governance can be selectively applied to the design of a compensation fund. Operational effectiveness therefore

depends not merely on the size of the fund's financial resources but also on the objectivity of payment decisions, the capacity to control losses, and the transparency of financial resource utilization.

Table 1: Theoretical Framework for Analyzing Compensation Fund Models in Notarial Practice

Theoretical foundation	Principal analytical dimensions	Model evaluation criteria
Liability for damages	Grounds for liability; liable parties; relationship between compensation and reimbursement	Legality; determination of liability; protection of injured parties
Law and economics	Prevention costs, compensation costs, and compliance incentives	Economic efficiency; mitigation of moral hazard
Collective risk pooling	Contribution sources; loss allocation; relationship with professional liability insurance	Equity in contributions; solvency; sustainability
Governance and accountability	Management structure; financial transparency; control of conflicts of interest	Transparency; independent oversight; accountability
Rights and interests protection approach	Access to the fund; claims procedures; payment deadlines and conditions	Timeliness; accessibility; effectiveness of protection

Drawing on this theoretical framework, the study establishes five criteria for evaluating compensation fund models: institutional legality, efficiency of risk allocation, financial security capacity, governance quality, and the degree of protection afforded to injured parties. Although these criteria interact, they are not interchangeable. A fund with substantial financial resources may still operate inefficiently if compensation procedures are complex or mechanisms for enforcing accountability are inadequate. Conversely, expanding the scope of payments without corresponding contribution arrangements and risk management measures may jeopardize the fund's sustainability. Accordingly, a model intended for implementation in Vietnam must be evaluated along two dimensions: its capacity to secure the fulfillment of compensation obligations and its ability to preserve notaries' incentives to comply with legal requirements and professional ethics.

3. Research Methodology

This study adopts a qualitative research approach, combining doctrinal legal analysis, comparative legal analysis, institutional analysis, and law and economics to establish the scientific foundations for developing and operating a compensation fund in notarial practice in Vietnam. The methodological choices reflect the distinctive nature of the research subject: a compensation fund constitutes both a mechanism for securing the fulfillment of civil liability obligations and a financial institution governed by principles of risk allocation, professional governance, and protection of injured parties. According to Calabresi (1970) [4] and Shavell (1987) [21], the assessment of a compensation mechanism cannot be based solely on its capacity to remedy losses but must also consider prevention costs, compliance incentives, and the efficiency of liability allocation. This approach enables the study to move beyond describing legal provisions and examine the conditions determining the fund's practical operability.

Doctrinal legal analysis is employed to clarify the grounds giving rise to compensation liability, the parties bearing such liability, reimbursement obligations, and the relationship between professional liability and insurance. The principal legal sources include the 2014 Law on Notarization, the 2024 Law on Notarization, the 2015 Civil Code, and the 2022 Law on Insurance Business (National Assembly, 2014, 2015, 2022, 2024) [16, 17, 18, 19]. These provisions are examined comparatively in terms of their substantive content and changes over time to identify the scope of protection already established by law and determine which issues require further legislative development should a compensation fund be established. The analysis focuses particularly on the distinction between the legal liability of the party causing damage and the payment obligations of a financial security institution.

Comparative legal analysis is conducted with reference to France, Québec (Canada), and California (United States). These three jurisdictions are purposively selected to represent different approaches to financial security in notarial practice, rather than on the assumption that their legal systems share similar structures. The sources examined include legislation governing the organization of the notarial profession in France, Québec's Code des professions, and California's statutory provisions on financial security requirements for notaries (République française, 1945; Assemblée nationale du Québec, n.d.; California Legislature, n.d.). To avoid the inappropriate transplantation of legal models, the study compares these institutional arrangements according to their function in protecting injured parties while accounting for differences in notarial authority and professional regulatory systems.

Table 2: Matrix of Research Methods and Analytical Criteria

Method	Focus of analysis	Evaluation criteria
Doctrinal legal analysis	Compensation liability, reimbursement obligations, professional liability insurance	Legality; coherence of the legal framework
Comparative legal analysis	Financial security mechanisms in France, Québec, and California	Scope of protection; payment conditions; applicability
Institutional analysis	Fund management authorities, allocation of powers, oversight, and accountability	Transparency; independence; effectiveness of control
Law and economics	Contribution sources, risk allocation, operating costs	Financial equity; solvency; mitigation of moral hazard
Policy synthesis and evaluation	Development of a fund model appropriate to Vietnam's conditions	Feasibility; effectiveness of protection; sustainability

Institutional analysis is applied to examine the fund's management structure, authority to approve compensation payments, mechanisms for controlling conflicts of interest, and accountability arrangements. The governance principles of the OECD (2023) [15] serve as reference standards, with adjustments to accommodate the non-profit character and rights-protection function of the compensation mechanism. In parallel, the law and economics approach facilitates an assessment of how contribution levels, payment limits, and rights of recourse influence notaries' incentives to prevent risks. Policy synthesis and evaluation are employed to develop a compensation fund model for Vietnam based on five criteria: legality, efficiency of risk allocation, financial security capacity, governance quality, and the degree of protection afforded to injured parties. The proposed arrangements are assessed in terms of legal compatibility, implementation conditions, and the risk of overlap with professional liability insurance. The study does not employ quantitative survey data; consequently, its findings primarily consist of legal arguments and institutional proposals rather than empirical evidence of the model's financial effectiveness upon implementation.

4. Research Findings

4.1. Legal Foundations and Limitations of Mechanisms Securing Compensation Liability in Notarial Practice in Vietnam

Liability for damages arising from notarial practice derives from the legal characteristics of the notarial profession: notaries provide public services and exercise legally conferred authority to certify the authenticity and legality of contracts and transactions. Consequently, professional errors may not only give rise to disputes between persons requesting notarization and notarial practice organizations but may also affect the rights and interests of third parties who rely on the legal validity of notarized instruments. Adjie (2023) [1] examines notarial liability through the relationship between professional obligations and the profession's social service function, suggesting that liability should be assessed not only in relation to individual conduct but also in terms of its legal consequences for service users.

Under Vietnamese law, the 2014 Law on Notarization established the obligation of notarial practice organizations to compensate for damage caused by the fault of notaries and employees, together with the reimbursement liability of individuals at fault. The 2024 Law on Notarization maintains this professional liability mechanism, situating compensation obligations within the legal relationships among notarial practice organizations, persons performing notarization, and injured parties (National Assembly, 2014, 2024) [16, 19]. In addition, the 2015 Civil Code establishes the general grounds and principles governing liability for damages, while the 2022 Law on Insurance Business provides the general legal framework for liability insurance relationships (National Assembly, 2015, 2022) [17, 18].

Taken together, these provisions reveal three distinct layers of liability. The first concerns the legally established obligation to compensate injured parties. The second involves reimbursement liability within the internal relationship between a notarial practice organization and the individual at fault. The third concerns the insurer's obligations under the insurance contract and the regulations governing professional liability insurance. These three layers are closely interconnected but are not interchangeable. In particular, a notary's reimbursement liability does not diminish the need to ensure timely protection for persons entitled to claim compensation.

Bui and Pham (2022) [3] examine notaries' liability for damages in the course of professional practice, whereas Hoang (2019) [10] focuses on identifying the proper defendant in legal proceedings. These lines of research indicate that correctly identifying the liable party is a necessary condition but does not fully resolve the issue of enforcing compensation obligations. From a legal perspective, a decision establishing compensation liability does not necessarily ensure that the injured party will receive the corresponding amount, particularly where the obligated party becomes insolvent or disputes arise concerning the scope of insurance coverage.

Table 3: Assessment of Mechanisms Securing Compensation Liability in Notarial Practice in Vietnam

Mechanism	Legal function	Limitations requiring consideration
Liability of notarial practice organizations	Identifies the party legally obligated to provide compensation	Depends on the grounds for liability and the capacity to discharge the obligation
Reimbursement liability of individuals at fault	Allocates financial consequences within internal legal relationships	The capacity to provide reimbursement is distinct from the obligation to compensate injured parties
Professional liability insurance	Transfers risk within the scope of insurance coverage	Insurance conditions, liability limits, and exclusions
Proposed compensation fund	Provides supplementary financial resources for payments where legally prescribed conditions are satisfied	Requires a legal basis, financial resources, and mechanisms to prevent duplicate payments

Table 3 indicates that the central issue is not whether existing liability mechanisms should be replaced, but rather how the residual risks remaining after their application should be identified and addressed. According to Calabresi (1970) [4], the effectiveness of a compensation institution must be assessed in terms of total social costs, including the costs of prevention, remediation, and loss administration. Accordingly, a compensation fund would be justified only insofar as it provides additional substantive protection without generating operating costs that exceed the benefits of the mechanism.

4.2. International Experience in the Organization and Operation of Compensation Mechanisms in Notarial Practice

The comparative legal analysis indicates that jurisdictions do not adopt a uniform mechanism for securing notarial liability. The differences primarily arise from the legal status of notaries, the degree of professional self-regulation, and the allocation of risks among practitioners, professional organizations, and financial security providers. Within the scope of this study, the experiences of France, Québec, and California are examined according to their functions in

protecting injured parties, rather than by assuming equivalence in the names or legal structures of their respective institutions.

In France, the notarial profession operates within the Latin notarial tradition, under which notaries exercise state-conferred authority to perform legal certification functions while remaining liable for their professional conduct. Ordonnance n° 45-2590 du 2 novembre 1945 relative au statut du notariat establishes the legal foundations for organizing the notarial profession, providing the institutional framework for professional regulation and liability security mechanisms (République française, 1945) [20]. Notably, the French notarial system incorporates a collective guarantee mechanism through professional guarantee institutions alongside professional civil liability insurance. In principle, insurance and collective guarantees do not necessarily cover identical categories of risk. The relevance of the French experience therefore lies in its multilayered system of financial safeguards, in which the functions of individual mechanisms are differentiated while practitioners remain accountable for losses arising from their conduct.

In Québec, Canada, public protection is situated within the regulatory framework governing professional occupations under the Code des professions, CQLR c. C-26. This framework provides the legal basis for professional regulation, liability control, and the establishment of institutions designed to protect users of professional services (Assemblée nationale du Québec, n.d.). In the notarial profession, a distinction must be drawn between a professional compensation fund and civil liability insurance. A compensation fund may be designed to address losses falling within a specifically defined scope of protection, particularly those involving dishonest conduct in the management of entrusted property or funds, whereas professional liability insurance primarily operates according to the risks covered by the relevant insurance policy. This distinction is particularly relevant to Vietnam because establishing a fund without clearly defining its beneficiaries and scope of protection could increase the likelihood of duplicate payments or leave certain risks uncovered.

Unlike these two jurisdictions, California, United States, employs a financial security mechanism for notaries through a surety bond. Under the California Government Code, § 8212, notaries are required to obtain a bond in the statutorily prescribed amount to provide protection against losses falling within the scope of the secured obligations (California Legislature, n.d.). This arrangement differs from a collective compensation fund: although the surety may discharge an obligation owed to a protected party, the notary's ultimate liability is not thereby automatically extinguished. It should also be recognized that the scope of authority exercised by a notary public in the United States differs substantially from that of a notary operating within the Latin notarial system. Accordingly, California's experience is more relevant to the examination of financial security arrangements and rights of recourse than to the institutional design of a professional compensation fund.

Table 4: Comparison of Financial Security Mechanisms in Notarial Practice

Criterion	France	Québec (Canada)	California (United States)
Legal foundation	Legislation governing the organization of the notarial profession	Professional regulatory legislation and notarial regulations	State legislation governing notaries
Distinctive mechanism	Collective guarantees combined with professional liability insurance	Professional compensation fund and separate insurance arrangements	Liability security through a surety bond
Primary focus of protection	Compensation for losses covered by professional liability and guarantee mechanisms	Public protection against risks falling within the scope of each mechanism	Financial security for secured obligations
Issues requiring regulatory control	Delineation of insurance coverage and collective guarantees	Payment conditions, eligible beneficiaries, and limits of protection	Bond amount and rights of recourse
Relevance to Vietnam	Design of multilayered financial safeguards	Fund governance linked to professional organizations	Financial security and reimbursement mechanisms

The principal commonality among these arrangements lies not in their institutional structures but in the principle that protecting injured parties does not entail exempting practitioners from liability. According to Shavell (1987) [21], transferring the entire cost of harmful conduct to a collective mechanism without corresponding reimbursement obligations or sanctions may weaken incentives for risk prevention. International experience therefore suggests three requirements for Vietnam: clearly delineating the scope of protection afforded by each financial mechanism; linking entitlement to financial protection with compliance with professional obligations; and establishing rights of recourse following payments by the fund where legally justified.

Nevertheless, without comparative data on the number of compensation claims, approval rates, processing times, and solvency, it would be inappropriate to conclude that any particular model demonstrates superior financial performance. The value of this analysis lies primarily in identifying potentially applicable institutional arrangements rather than ranking jurisdictions according to empirically demonstrated effectiveness.

4.3. Legal and Institutional Issues Concerning the Establishment of a Compensation Fund in Notarial Practice in Vietnam

Drawing on the analysis of Vietnamese law and the comparison of international experience, the study identifies the central issue in establishing a compensation fund as extending beyond the mobilization of financial resources to the determination of the fund's legal status within the professional liability system. Without clarifying the relationships among the fund, notarial practice organizations, notaries, and insurers, an additional protective institution could complicate the resolution of compensation claims without substantially improving the position of injured parties.

The first issue concerns the fund's legal status and management authority. Although the 2024 Law on

Notarization continues to regulate the organization and operation of notarial practice, its provisions concerning compensation liability and insurance should not be construed as implicitly recognizing an independent professional compensation fund (National Assembly, 2024) [19]. Establishing a mandatory fund, particularly one financed through compulsory contributions from notarial practice organizations, requires a sufficiently explicit legal basis governing the establishing authority, legal personality, permissible uses of financial resources, and oversight arrangements. Nguyễn Vinh Huy (2022) examines the role of notaries' socio-professional organizations, providing a perspective on their potential involvement in professional management and oversight. Nevertheless, professional self-regulatory authority does not automatically encompass the power to impose compulsory contributions or determine financial obligations affecting third parties.

A second issue concerns the scope of compensation and the order in which payment obligations should be discharged, both of which directly influence the fund's effectiveness. If the fund were to cover every loss arising from notarial practice, the boundary between its functions and those of professional liability insurance would become unclear. Conversely, an excessively narrow scope of protection could prevent the fund from fulfilling its intended purpose. It is therefore necessary to distinguish losses covered by insurance, losses exceeding insurance limits, and losses excluded from insurance liability but potentially eligible for protection under the fund's separate rules. Such distinctions must rest on legal grounds and the nature of the risks involved; a refusal by an insurer to make payment cannot automatically establish the fund's liability.

A further issue arises from the relationship between the principle of professional mutual assistance and the requirement of equitable contributions. Calabresi (1970) [4] argues that loss-allocation mechanisms should seek to minimize total social costs rather than merely transfer financial consequences from one party to another. Where notarial practice organizations differ in size, transaction characteristics, and risk exposure but are required to contribute identical amounts, the financial mechanism may produce a disproportionate allocation of obligations. Conversely, if contribution levels are determined entirely by revenue without considering previous violations or risk-control performance, the fund may fail to generate incentives for improving professional practice standards.

Table 5: Issues Requiring Resolution in Establishing a Compensation Fund for Notarial Practice in Vietnam

Issue	Legal and governance risks	Required improvements
Legal status	Unclear legal personality, functions, and authority of the fund	Establish a specific legal framework
Contribution sources	Inequitable allocation of financial obligations	Combine a basic contribution with risk-based contributions
Scope of compensation	Overlap with insurance liability or gaps in coverage	Clearly define payment conditions and the order of payments
Financial governance	Conflicts of interest and insufficient transparency	Auditing, disclosure, and independent oversight
Post-payment liability	Weakening of incentives to prevent professional misconduct	Establish rights of recourse and reimbursement obligations
Protection of injured parties	Protracted procedures and difficulties accessing compensation mechanisms	Transparent claims procedures with prescribed time limits

These issues suggest that the fund's effectiveness must be assessed from the perspectives of both injured parties and the notarial system. For injured parties, the principal criteria concern accessibility, timeliness, and the extent of compensation legally available. For the notarial system, the fund must maintain solvency, avoid encouraging risk-taking, and preserve individual accountability. The balance between these two requirements ultimately determines the suitability of the model selected.

4.4. Proposed Model for the Organization, Governance, and Operation of a Compensation Fund in Notarial Practice in Vietnam

Building on the preceding findings, the study proposes a professional compensation fund model based on conditional mutual assistance, centralized governance, and independent oversight, operating as a supplementary mechanism to professional liability insurance. The proposed model seeks to secure the financial resources necessary to discharge compensation obligations falling within the fund's scope of protection while preserving the legal liability of notarial practice organizations and individuals at fault. This represents a policy proposal requiring legislative recognition and feasibility assessment, rather than an institution already established under existing law.

Regarding its legal status, consideration may be given to establishing the fund at the national level, in association with the system of notaries' socio-professional organizations. The fund should maintain independent accounting arrangements, separate financial regulations, and a clearly defined allocation of management authority. Its governance structure could comprise a governing board, a dedicated executive unit, and an independent control mechanism. Within this structure, the governing board would determine financial and risk management policies; the dedicated unit would receive and assess compensation claims; and the oversight mechanism would examine legal compliance, asset management, and the resolution of conflicts of interest. The OECD's (2023) [15] principles concerning the allocation of responsibilities, information transparency, and effective oversight could be selectively adapted to the distinctive characteristics of a professional compensation fund.

Concerning funding sources, the study proposes combining a basic contribution with a risk-adjusted contribution. The basic contribution would reflect the mutual assistance obligations of participating organizations, while the adjusted component should be determined according to verifiable indicators, including operational scale, transaction volume, claims history, and compliance with professional procedures. These indicators, however, must be standardized to avoid

automatically treating organizations with higher transaction volumes as having lower standards of professional practice. The fund should also establish financial reserves, limits on the use of capital, and prudent investment principles to mitigate insolvency risks.

Regarding payment eligibility and procedures, the right to claim compensation from the fund should depend on establishing the grounds for liability, the nature of the loss, and the applicable scope of protection. Injured parties should not be required to exhaust every potentially prolonged dispute resolution procedure before accessing the fund where legislation could provide an appropriate alternative mechanism. Nevertheless, payments from the fund must neither replace the determination of liability nor undermine the right of notarial practice organizations to present explanations and supporting evidence. Following payment, the fund must have mechanisms for reimbursement or recourse against the ultimately liable party to the extent permitted by law.

Table 6: Structure of the Proposed Compensation Fund Model for Vietnam

Component	Proposed design	Objective
Legal status	A professional financial institution established by law	Ensure legality
Organizational scope	Centralized management at the national level, with coordination mechanisms involving local professional organizations	Ensure consistent management and risk pooling
Financial resources	Basic contributions, risk-adjusted contributions, and other lawful sources	Maintain solvency
Scope of payments	Losses satisfying the protection conditions prescribed by law and the fund's regulations	Prevent overlap with insurance coverage
Compensation procedure	Receipt, verification, assessment, decision-making, and disbursement of payments	Ensure transparency and timeliness
Oversight mechanism	Independent auditing, financial disclosure, and control of conflicts of interest	Strengthen accountability
Right of recourse	Recovery of amounts paid from legally liable parties where grounds exist	Maintain professional discipline

Regarding the implementation roadmap, the proposed model should be introduced cautiously. The preparatory phase should focus on reviewing the legal framework, compiling statistics on compensation claims, and assessing the contribution capacity of notarial practice organizations. The subsequent phase should involve financial simulations under different loss scenarios to determine reserve requirements, payment limits, and solvency capacity. Formal implementation should be considered only after an appropriate legal basis has been established and the oversight mechanism satisfies the requirements for protecting the rights and interests of the parties concerned. Should a pilot scheme be introduced, its scope, authority, and contribution obligations must be established within the limits permitted by law.

Operational effectiveness should be evaluated using measurable indicators, including the proportion of claims resolved within prescribed time limits, average processing time, the proportion of eligible claims paid, capacity to meet financial obligations, administrative costs, and the post-compensation recovery rate. Public disclosure of these indicators would help shift oversight from formalistic assessment toward the evaluation of actual operational effectiveness.

Thus, the principal contribution of the proposed model lies not in establishing an additional independent source of funding but in its capacity to integrate legal liability, professional liability insurance, risk pooling, and financial governance within a conditional protection mechanism. If established through appropriate legal provisions and operated on the basis of reliable risk data, the compensation fund could contribute to improving the capacity to remedy losses, strengthening professional accountability, and ensuring the stable development of Vietnam's notarial system.

5. Conclusion

The study indicates that establishing a compensation fund in notarial practice in Vietnam should be approached as a means of ensuring the effective enforcement of legal liability rather than merely providing an additional financial resource for compensating losses. Through an analysis of Vietnamese law and a comparison with the experiences of France, Québec (Canada), and California (United States), the study identifies the allocation of responsibilities, capacity for risk distribution, and quality of governance as determinants of the compensation mechanism's effectiveness. Accordingly, a professional compensation fund based on conditional mutual assistance, centralized governance, and independent oversight is proposed to supplement professional liability insurance while preserving the compensation obligations of notarial practice organizations and the liability of individuals at fault. The study contributes by establishing a legal framework and evaluation criteria for the proposed fund model, linking the protection of injured parties with financial sustainability and professional discipline. Nevertheless, the research remains limited to legal analysis and institutional comparison, without empirical validation using actual loss data. Consequently, further development of the legal framework, assessment of contribution capacity, and financial risk simulations are necessary before the proposed model can be implemented in Vietnam.

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