

Research on Vietnamese Attention in Aviation Insurance



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ABSTRACT: The article has clarified the theoretical basis of interest and aviation insurance products. The aviation insurance business is still underdeveloped while the aviation industry is an important factor in Vietnam's economic development, which makes aviation development unsustainable. To solve the research purpose set out, the research team conducted a survey on the understanding and perception of the benefits of aviation insurance products with 196 Vietnamese customers traveling by plane. The results of the data analysis show that the majority of people traveling by plane do not know about aviation insurance products. Many interviewees indicated that they knew that the cost of purchasing aviation insurance products was very high and that they knew through an aviation insurance product consultant. Respondents also said that aviation accidents rarely happen, so they see the benefits of this product are not high. In addition, based on descriptive statistical data of the survey results, the gender factor did not affect the understanding and perception of the benefits of aviation insurance products.

KEYWORDS: Attention, Aviation insurance, Benefits, Vietnam

1. INTRODUCTION

Aviation insurance is a type of property and casualty insurance specifically designed for airline operations. This insurance product helps customers eliminate potential risks associated with the aviation industry. Aviation insurance is for businesses involved in air transportation, it helps them manage risks and unexpected losses during air transportation. Aviation insurance for passengers and cargo is a type of insurance provided by non-life insurance companies in Vietnam. The form and benefits of insurance are regulated by each company differently, it is not widely available and is usually provided by international and domestic ticketing services. After many years of implementation, the revenue of the aviation insurance business is still very low, about 4%. There are many reasons why this business segment has not developed such as people have not much access to transportation by plane. The cost of using an airplane is still too high compared to the income of Vietnamese people, so they do not choose this form and of course, do not need to buy aviation insurance. The cost of buying aviation insurance is too high and the aviation industry is less prone to risks, which are also the reasons why customers are not interested in this product. The objective of this study is to examine Vietnamese people's interest in aviation insurance products. To accomplish this goal, we will conduct an understanding and assessment of the benefits of this product from the perspective of aviation service users. The results of the evaluation will clarify the issues of the research objectives and are presented in the content of this article.

2. THEORETICAL BASIS

2.1. Attention

According to Britannica, interest is a process of focusing one's awareness on some issue and excluding the influence of other stimulating factors under subjective or objective projection [1]. In William James's Principles of Psychology document (1890), Interest represents the possession of the mind, which clearly and vividly expresses one of the objects in the stream of thought and it looks like it can happen at the same time. He also suggested that concentration of consciousness is the essence of interest [2]. Research by Anderson (2004) suggests that interest is described as the allocation of cognitive processing resources because it is very limited [3]. In this study, we explore and evaluate the interest in terms of understanding and identifying the benefits of Vietnamese people using air travel for aviation insurance products. Accordingly, knowledge is a form of perception or familiarity. This usually implies Vietnamese awareness of actual facts or skills, but it can also imply familiarity with an object or situation. Other commonly discussed sources of information include memory, rational intuition, reasoning, and testimony. When people gain product awareness, they will realize the importance of aviation insurance products and their impact on their lives.

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2.2. Aviation Insurance

Aviation insurance appeared in the early years of the 20th century. Aviation insurance policies were first written by Lloyd's of London in 1911. The company then stopped writing aviation policies in 1912 after a number of air accidents caused by bad weather made the policies written almost no longer relevant [4]. Aviation insurance is an insurance product specifically for the operation of aircraft and risks related to aviation. Airline product policies are distinct from those for other modes of transport and tend to incorporate the term aviation, as well as terms, limitations, and terms specific to cargo insurance [5]. According to the report of aviation insurance market indexes 2010/11 of Aon Risk Solutions (2010), there are many types of aviation insurance such as public liability insurance, Passenger liability insurance, Combined Single Limit, Ground risk hull insurance not in motion, Ground risk hull insurance in motion and In-flight insurance [6]. In the scope of this article, we focus our attention on aviation insurance products aimed at customers or in other words, products for vehicle users. Passenger liability insurance or In-flight insurance are the contents we use as the basis when developing survey questions.

2.3 Research Overview

Research by Maniraj (2020) on the influence of perceived service quality on customer satisfaction for airline policyholders in Malaysia. The author's article has identified service quality as an important factor that determines the competitiveness of enterprises when trading in aviation insurance products. With the objective of examining the impact of service quality on customer satisfaction using aviation insurance products in Malaysia. The author uses Parasuraman's SERVQUAL model to study 120 samples selected from scheduled, non-scheduled airlines. The author analyzed the data using Structural Equation Modeling (SEM). The results of data analysis show that five service quality variables including tangibles, responsiveness, reliability, empathy and assurance, significantly affect customer satisfaction. Aviation insurance in Malaysia. The author believes that the intermediary factors that form the claims do not affect customer satisfaction. The author's research has important implications for aviation insurance service providers, including brokers, aviation insurance and reinsurance companies in improving their quality. 7).

Research by Hicks (2016) to understand claims and controversies in airline insurance. The author recognizes that there are many controversies when dealing with aviation insurance benefits between suppliers and customers. The author believes that the insurance contract is a type of contract that requires thoroughness and clarity, so the overarching purpose and proposed changes in this insurance policy and the changes currently used are binding. The insured must carefully consider what his insurance needs. Insurance companies always ask customers to confirm these things with the insurance company to avoid future disputes. Dispute when an insurance event occurs to a customer purchasing an aviation insurance product when the insurance company believes that the buyer misunderstood the coverage. The author believes that insurance policies are written by insurance companies and not for policyholders, so when filing a lawsuit, the argument is always bad for insurance companies. The insurer must prove that the insured has not misunderstood or that the insurance company has not misrepresented the coverage. Therefore, the obligation of customers to sign and confirm that they understand the terms of aviation insurance is included in all insurance declaration documents.

Research by Flouris et al, (2009) determines the relationship between risk assessment and insurance with the development of the aviation industry in recent years. According to the author, the aviation industry has been continuously hit hard in recent years. Many factors contribute to the industry's predicament. The 2001 US plane terrorist event caused insurance premiums to increase with many fluctuations. Advances in aviation technology and improving aircraft safety have been emphasized by airlines over the years. These changes have improved aircraft safety which has reduced accident rates for commercial aircraft, but the aviation insurance market remains volatile. The author provides an overview of how the aviation insurance industry works and how it has changed in recent years. The author's article explored how risk is shared among insurance companies, how insurers treat acts of intentional violence, and finally, how insurers evaluate risk [9].

Ochwada's study compares airline insurance with the rest of the Kenyan non-life insurance sector (2018) to see if airline insurance has a perceived risk and compares it with other forms of non-life insurance. The author said that the insurance industry is booming in Kenya, and people are scrambling to buy insurance policies to protect their property, health and loved ones in the event of their death. The amount of premium charged for a certain type of insurance differs from one type of coverage to another due to the difference in risk factors. For the airline industry, aircraft type, pilot experience as well as related business (passenger/cargo). The author has completed the goal set out in the article, the results show that the risk of aviation insurance is different from the perception. Other types of life insurance carry a higher risk [10].

The business of aviation insurance products at Vietnamese life insurance enterprises has not yet developed like other types of insurance products. Transferring most of the aviation insurance revenue to foreign companies is the way Vietnamese insurers are applying. In a number of studies on aviation insurance related to the research content presented above, we find that there is little mention of this issue in Vietnam. When the author's team searched for documents on aviation insurance and customers using

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aviation insurance products, there were no matching results. The reason may also be that the market is not developed, so it has received little attention from researchers. Therefore, the authors carried out a practical study to determine the knowledge of Vietnamese people traveling by plane and their interest in aviation insurance products.

3. METHODS

Methods of document research. The research team used this method to review previous studies to draw and develop a theoretical basis for interest and aviation insurance. The practical research methods used are the sociological investigation method and the meta-analytical method. With the sociological survey method, the research team used questionnaires and questionnaires to collect, synthesize and analyze the Vietnamese people's understanding and interest in aviation insurance products. Using a convenience sampling method, survey participants were selected at the airport lounge and area. The results collected 196 questionnaires for this analysis. The content of the survey is related to assessing the understanding of the participants, the duration and benefits of insurance and the costs to be spent when using aviation insurance products. After evaluating the product knowledge, the research team explores the perceived benefits of air travel users with aviation insurance products. Finally, the research team uses the method of analysis and synthesis: analyzing and synthesizing data collected from primary and secondary data sources. Use software to analyze data. This method helps us to assess the level of understanding Vietnamese people have about aviation insurance products and whether they want to use the product for its benefits.

4. RESULTS

4.1. Business results of aviation insurance products in Vietnam

The aviation industry is a low-risk passenger transport industry, but when a risk occurs, it will lead to a series of serious damage to people and property. As we have noted, aviation insurance is developing slowly and has not received the attention of the Vietnamese people. The revenue growth rate of aviation insurance in 2020 was negative due to the strong outbreak of the Covid-19 epidemic in many parts of the world. A series of flight routes were closed and compensation for flight costs made compensation costs 30% higher than revenue. However, after the economy recovered, sales of this product did not have a breakthrough. In 2022, the revenue growth rate will only increase by 5% compared to 2021 and account for only 1.5% of the total revenue of the entire non-life insurance market in Vietnam.

Table 1. Overview of the aviation insurance market in Vietnam

Unit: million VND

Targets	2018	2019	2020	2021	2022
Revenue	642,798	820,361	700,796	1,009,458	1,060,377
Proportion	1.38%	1.55%	4.01%	1.74%	1.5%
Revenue growth rate	3.13%	27.62%	-14.57%	44%	5.0%
Indemnify	515,485	349,546	923,131	492,410	85,672

Source: Insurance Association of Vietnam

Most of the mining fees in the total mining revenue are ceded to foreign enterprises because domestic enterprises are not financially able to guarantee. Looking at Figure 1, the fee revenue and the insurance rate of insurance claims, we can see that this insurance rate is not stable. In 2018, the claim rate is as high as the premium revenue and in 2020, the claim rate is 30% higher than the premium revenue. If it is said that 2020 is affected by the Covid-19 epidemic, 2018 is a year of stable economic development. And another example of the instability in the compensation costs of this industry is that in 2022, the compensation rate is less than 10% compared to fee revenue, or 2019 is also the year affected by the epidemic, but the rate of compensation is less than 10% compensation is less than 40%. It is this instability that makes insurance businesses do not focus on developing and investing in aviation insurance product business.

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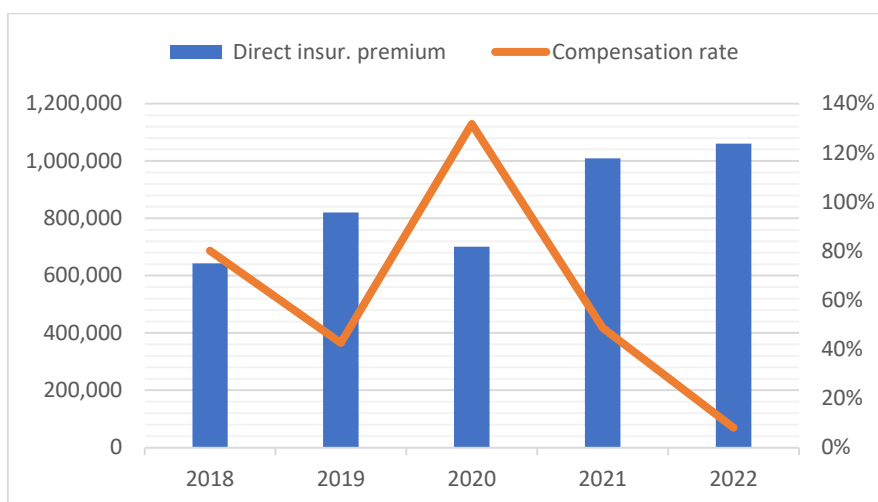


Figure 1. Fee revenue and indemnity ratio of the aviation insurance industry

Unit: million VND

Source: Insurance Association of Vietnam

4.2. Analysis of sample characteristics

We chose to explore some characteristics of survey participants that we believe influence the understanding and perception of benefits brought by aviation insurance products. Those characteristics are Gender, Age, Education level and Income. The basis for determining the answers to our questions is the results of the survey on the living standards of the Vietnamese people conducted by the General Statistics Office and the age group is determined based on the ability to generate income. Similarly, we have collected results on the characteristics of the study sample. Accordingly, there are 101 men participating in the survey, accounting for 51.5% and women accounting for 48.5%. The age of Vietnamese airliners participating in the survey was mainly in the group over 22 years old and the most concentrated in the group From 30 to 60 with 45.9%. We believe that the surveyed age of using aviation services is completely consistent with the reality in Vietnam. Subjects who have participated in the labor market for a long time have a greater likelihood of exposure to this medium. In terms of educational attainment, the majority belongs to the University group with 77 survey participants, accounting for 39.3%. The high school group is the group with the lowest number of survey participants with 15 people, accounting for 7.7%. Finally, the survey participants' income information. Our aggregate results show that the group of people with income from 5.96 to 10.23 million VND/month accounted for the highest proportion with 71 survey participants and 36.2%. In general, the survey results on the characteristics of customers using aircraft services are appropriate and close to the actual situation.

Table 2. Statistics of the number of agents by characteristics

Criteria		Quantity	Percent
Gender	Male	101	51,5
	Female	95	48,5
Age	Under 22	26	13,3
	From 22 to 30	34	17,3
	From 30 to 60	90	45,9
	60 or more	46	23,5
Education level (Edu)	High school	15	7,7
	College	54	27,6
	University	77	39,3
	Graduate	31	15,8
	Other	19	9,7
Income	Under 3.86 million VND/month	8	4,1
	From 3.86 to 4.67 million VND/month	22	11,2
	From 4.68 to 5.95 million VND/month	55	28,1
	From 5.96 to 10.23 million VND/month	71	36,2
	Over 10.23 million VND/month	40	20,4

Source: Analysis of survey data

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4.3. Knowledge of aviation insurance

To assess the content of knowledge of customers participating in air travel, we assessed through two questions "Do you understand the subject, insurance period and benefits when participating in aviation insurance?" and the question "Do you understand that the cost of buying airline insurance can be equal to the price of an airline ticket?". The results of the investigation and analysis of these two questions are presented in turn below.

Firstly, with the survey question "Do you clearly understand the subject, insurance period and benefits when participating in aviation insurance?". The results showed that 7 survey participants chose the Very unintelligible option, accounting for 3.6%. The number of respondents who chose this option the most with 109 options was Not understand, accounting for 55.6%. The answer option is well-read with 43 people, accounting for 21.9%. Finally, with 37 choices, accounting for 18.9% belongs to the Intellectual option. Looking at this result, we see that the majority of people traveling by plane do not know about aviation insurance products. Many people over 60 years old and some people in other age groups even answered that they were completely unaware of this product.

Table 3: Results of the product knowledge survey

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very unintelligible	7	3.6	3.6	3.6
	Not understand	109	55.6	55.6	59.2
	well-read	43	21.9	21.9	81.1
	Intellectual	37	18.9	18.9	100.0
	Total	196	100.0	100.0	

Source: Analysis of survey data

Secondly, with the survey question "Do you understand that the cost of buying airline insurance can be equal to the price of an air ticket?". The results showed that 21 people chose the Very unintelligible option, accounting for 10.7%. In second place is the option of Not understand with 51 people with a rate of 26%. Selecting the well-read option has 34 people, accounting for 17.3%. The last option is that Intellectual has the most choice of 90 people with a rate of 45.9%. As can be seen, many people traveling by plane know that the cost of aviation insurance products is quite high and can be as high as or higher than the airfare they use. Although they know about the cost of insurance products, they do not know about the product, is it because the price of insurance products is too high, so they have absolutely no intention of buying, so they are not interested in information about aviation insurance? In addition, when we exchange information with respondents, we know that "airline insurance product cost information" is known mainly when they buy tickets and receive advice on aviation insurance products.

Table 4: Understanding the Cost of aviation insurance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very unintelligible	21	10.7	10.7	10.7
	Not understand	51	26.0	26.0	36.7
	well-read	34	17.3	17.3	54.1
	Intellectual	90	45.9	45.9	100.0
	Total	196	100.0	100.0	

Source: Analysis of survey data

4.3. Assessing the benefits of survey participants on aviation insurance

To evaluate the perception of benefits of survey participants about aviation insurance, we use the survey question "Do you think that aviation insurance brings peace of mind and benefits when using aviation insurance?". The survey results showed that 21 respondents chose to disagree, accounting for 10.7%. 48 opinions chose the Disagree option, accounting for 24.5%. Normal opinion selection has 54 turns, accounting for 27.6%. With 61 votes and a 31.1% rate of Agree. Finally, choose Very agree with 12 comments, accounting for 6.1%. Looking at this result, we see that 37.2% of the two options agree that aviation insurance brings peace of mind and benefits when used, but more than 60% disagree or be normal with this. The cause can also be as we have

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stated, aviation accidents rarely happen, so users consider the possibility of having a very small risk. Therefore, when considering the possibility of risks and costs being too great, they chose not to use aviation insurance.

Table 5: Assessment of benefits of aviation insurance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Absolutely disagree	21	10.7	10.7	10.7
	Disagree	48	24.5	24.5	35.2
	Normal	54	27.6	27.6	62.8
	Agree	61	31.1	31.1	93.9
	Very agree	12	6.1	6.1	100.0
	Total	196	100.0	100.0	

Source: Analysis of survey data

5. DISCUSSION

Through the above data analysis, we can see that the understanding of aviation insurance products in Vietnam is still low. The majority of people surveyed do not appreciate the peace of mind and benefits brought by airline insurance. From the analysis of this survey data, we can see some points as follows:

Low- and middle-income people in Vietnam have not used air travel much because the airfare is too high compared to their income. At the same time, this target group is not interested in aviation insurance.

The group of people with above-average incomes and those with economic conditions often have a higher understanding of aviation insurance products, but the number of people using this type of insurance is still quite low because they assess the possibility of risks. The risk is very small, so they think that buying airline insurance is a big waste.

The elderly group also rarely buys this product even though many have economic conditions. The reason is said to be that the saving culture of Vietnamese people and the elderly are still greatly affected by difficult times, so they spend very carefully and thriftily.

The gender factor did not affect the understanding, interest, and benefit perception of aviation insurance products. In contrast, the educational level factor has a large influence on this. Survey results have shown that most people with a high level of education often understand and perceive aviation insurance products as bringing many benefits.

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