DETERMINANTS OF DEMAND FOR NON-LIFE INSURANCE: CASE STUDY OF BAO VIET INSURANCE CORPORATION - THANG LONG BRANCH

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ABSTRACT:

This study identified the factors influencing the decisions of customers to purchase non-life insurance provided by Bao Viet Insurance Corporation's Thang Long Branch in Vietnam. This study used a quantitative technique based on primary data sampled randomly from 300 non-life customers. The study’s findings show that variables such as personal income, consumer risk recognition, customer's inclination to purchase insurance services, insurer's online communication quality, and insurer's reputation have significant impacts on the decisions of customers to purchase non-life insurance. Based on the study’s findings, some recommendations are proposed to enhance Thang Long Branch’s communication, distribution channel system, service quality, and customer satisfaction.

Keywords: non-life insurance, demand, determinants, customer behavior, Bao Viet Insurance Corporation, Thang Long Branch.

1. Introduction

With the rapid growth of wealth in Vietnam, there arises a need to understand the factors influencing individuals' demand for non-life insurance products. This study aims to address this issue by examining the determinants of demand for non-life insurance and providing valuable insights for insurance companies to better engage with potential clients.

To achieve the research objectives, the study employs a comprehensive methodology. It utilizes both primary and secondary data sources to gather relevant information. The primary data is obtained through a survey conducted among a sample of individuals, while the secondary data involves a review of previous works in the field of insurance research. The collected data is then analyzed using statistical techniques, including regression analysis, to identify the significant factors influencing customers' purchase decisions regarding non-life insurance.

By employing these research methods, the study aims to contribute to the existing body of knowledge on insurance demand determinants, particularly in the context of Vietnam. The findings will not only enhance the understanding of customer behavior towards non-life insurance but also provide valuable policy recommendations for insurance companies to improve their marketing strategies, distribution channels, and service quality.

2. The Research Model

Even though there is a significant research deficit in the insurance market, there are certain behavioral research consumer models in this business sector. Which model should be used to analyze consumer purchase decisions for non-life insurance services in Vietnam?

Customers nowadays expect insurance businesses to give them with intelligibility and accessibility that they have experienced in other industries. Customers desire prices and benefit plans that they want, help and consultations when they need it, and only want to hear from insurers when they have claims or renewals through the advanced online platform they pick.

Customers will readily pick other firms based on the insurer's reputation and frequency of service and have no desire to create long-term connections. When consumers examine the advantages and values rather than the price, they will propose policies and conditions that are suited to their needs.

Ulbinaite & Kuèinskienë (2013) proposed a model of rationale for insurance service purchase decision making that examined the rationale for insurance service purchase decision making as it reflects the various stages of the insurance service purchase decision making processes.

Based on the narrowed scope of the literature review above and the current situation of Vietnams insurance market, the author proposes a Hypothetical research model about determinants of demand for non-life insurance, as shown in Figure 2 below.

3. Methodology

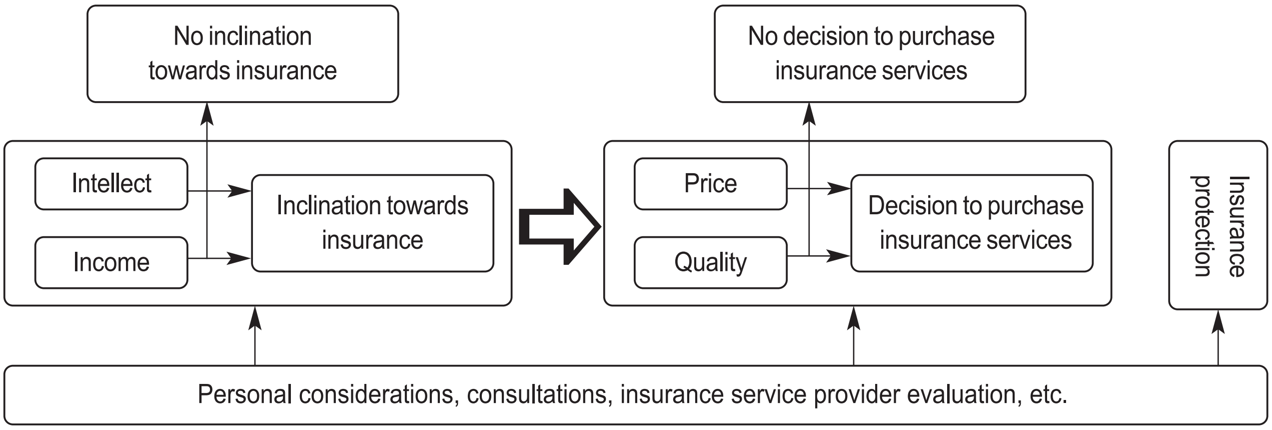
The study is conducted using a qualitative methods and quantitative methods, corporeality:

- Qualitative method: discover, adjust, and supplement the set of determinants for demand for non-life insurance of Bao Viet Insurance Corporation - Thang Long Branch through hand-to-hand and group discussion with 05 specialists currently working at Bao Viet Insurance Corporation - Thang Long Branch.

- Preliminary quantitative research: check the reliability of the scale in the research model and is the basis for completing the survey form for official quantitative research.

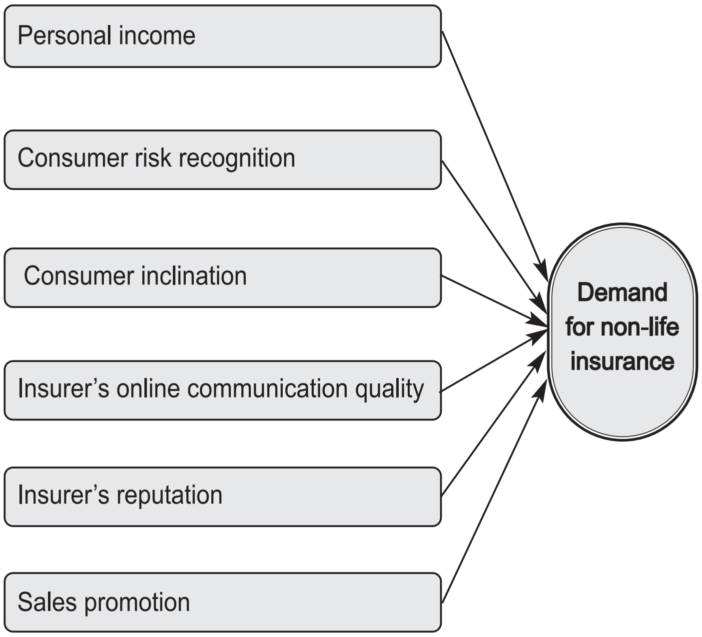
The data used in this research period was conveniently surveyed from 300 customers by online form via Google Form attached in the email to send to the survey subjects. The collection of

Figure 1: Model of rationale for insurance service purchase decision making



Source: Ulbinaitë and Kuèinskienë (2013)

Figure 2: Conceptual framework of determinants to demand for non-life insurance



customers' emails is taken from the Sales Department of Bao Viet Insurance Corporation - Thang Long Branch.

3. Empirical Results

3.1. Results from tests

3.1.1. Test of Cronbachs Alpha reliability coefficient

Variables with a total variable correlation coefficient greater than 0.3 and a Cronbach's Alpha coefficient greater than 0.6 are considered acceptable and suitable for analysis in the next steps. The results of Cronbach's Alpha analysis of the assessment measurement components of non-life customers of Bao Viet Insurance Corporation - Thang Long Branch are as follows:

The results of table 1 show that:

Table 1. Cronbach's Alpha of variables

Variables	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Cronbach's Alpha of the Personal income scale = 0.747				
income1	7.45	2.761	0.530	0.713
income2	7.47	2.605	0.583	0.652
income3	7.31	2.454	0.610	0.620
Cronbach's Alpha of the Consumer risk recognition = 0.729				
risk1	12.12	3.605	0.509	0.674
risk2	12.26	3.534	0.521	0.667
risk3	12.28	3.526	0.533	0.660
risk4	12.23	3.418	0.512	0.673
Cronbach's Alpha of the Consumer inclination = 0.693				
inclination1	8.75	3.809	0.513	0.614
inclination2	8.53	3.068	0.550	0.578
inclination3	8.48	3.416	0.522	0.599
inclination4	8.77	3.839	0.346	0.709

Variables	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Cronbach's Alpha of the Insurers online communication quality = 0.888				
onl_communi1	12.30	13.798	0.719	0.867
onl_communi2	12.12	13.160	0.748	0.860
onl_communi3	11.90	13.820	0.738	0.863
onl_communi4	11.93	12.631	0.751	0.860
onl_communi5	12.14	13.311	0.698	0.872
Cronbach's Alpha of the Insurers reputation = 0.662				
reputation1	12.53	2.556	0.426	0.607
reputation2	12.43	2.569	0.409	0.619
reputation3	12.30	2.385	0.506	0.550
reputation4	12.41	2.689	0.433	0.602
Cronbach's Alpha of the Sales promotion = 0.872				
sales1	14.06	11.195	0.683	0.848
sales2	13.92	10.833	0.695	0.845
sales3	13.93	10.846	0.705	0.843
sales4	14.05	10.895	0.721	0.839
sales5	14.02	10.396	0.690	0.847

- *Personal income scale:* This scale is measured by 3 observed variables. The results of analyzing the reliability of the scale have Cronbach's Alpha coefficient of 0.747 > 0.6. At the same time, all three observed variables have a total correlation of > 0.3 and the Cronbach's Alpha coefficient if the variable type of the observed variables is smaller than the general Cronbach's Alpha coefficient. Therefore, the scale meets reliability.

- *Consumer risk recognition scale:* This scale is measured by 4 observed variables. The results of analyzing the reliability of the scale have Cronbach's Alpha coefficient of 0.729 > 0.6. The 4 observed variables of the scale have Cronbach's Alpha coefficients ranging from 0.509 - 0.533 (> 0.3) and the Cronbach's Alpha coefficient if the variable types of the observed variables are all smaller than the general Cronbach's Alpha coefficient. Therefore, the scale meets reliability.

- *Consumer inclination scale:* This scale is measured by 4 observed variables. The results of analyzing the reliability of the scale have Cronbach's Alpha coefficient of 0.693 > 0.6. The observed variables of the scale have a total correlation ranging from 0.346-0.550 (> 0.3) and the Cronbach's Alpha coefficient if the variable types of the observed variables are all smaller than the general Cronbach's Alpha coefficient. Therefore, the scale meets inspection standards.

- *Insurer's online communication quality scale:* This scale is measured by 5 observed variables. Cronbach's Alpha coefficient of the scale is 0.888 >

0.6. The observed variables of the scale have a total correlation ranging from 0.698-0.751 (> 0.3), the Cronbach's Alpha coefficient if the variable types of the observed variables are all smaller than the general Cronbach's Alpha coefficient. Therefore, the scale meets inspection standards.

- *Insurer's reputation scale:* This scale is measured by 4 observed variables. Cronbach's Alpha coefficient of the scale is 0.662 > 0.6. The observed variables of the scale have a total correlation ranging from 0.409-0.506 (> 0.3), the Cronbach's Alpha coefficient if the variable types of the observed variables are all smaller than the general Cronbach's Alpha coefficient. Therefore, the scale meets inspection standards.

- *Sales promotion scale:* This scale is measured by 5 observed variables. Cronbach's Alpha coefficient of the scale is 0.872 > 0.6. The observed variables of the scale have a total correlation ranging from 0.683-0.721 (> 0.3), the Cronbach's Alpha coefficient if the variable types of the observed variables are all smaller than the general Cronbach's Alpha coefficient. Therefore, the scale meets inspection standards.

3.1.2. Exploratory Factor Analysis (EFA)

In this study, the KMO coefficient is quite high at 0.778 (>0.5), this result proves that the data is suitable for analyzing the next step, factor analysis.

The results of the table 2 show that: all important variables in the Customers' demand for non-life insurance scale are converged into a single factor, naming the new factor: Customers' demand for non-life insurance.

Table 2. KMO and Bartlett's test results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.778
Bartlett's Test of Sphericity	Approx. Chi-Square	2093.988
	df	300
	Sig.	0.000

The final results of table 3 show the factor analysis to explore the measures of the independent variable include 27 items loaded into 6 factors, the order and names of the factors are summarized.

3.2. Interpretation of the regression analysis output

The F-test is used to test the assumption about the suitability of the linear regression model, to see whether the dependent variable is linearly related to the entire set of independent variables". The F value is taken from the SPSS ANOVA analysis of variance table.

The testing hypothesis is:

H0: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = \beta_6 = \beta_7 = 0$

H1: There exists at least one $\beta \neq 0$

The results of table 4 testing the statistical value

Table 3. Summary of determinants of demand for non-life insurance after EFA analysis

No	Name of factor	Symbol	Number of items
1	Insurers online communication quality	onl_communi	5
2	Sales promotion	sales	5
3	Consumer risk recognition	risk	4
4	Consumer inclination	inclination	4
5	Insurers reputation	reputation	4
6	Personal income	income	3
7	Customers demand for non-life insurance	demand	4

Table 4. ANOVA analysis result

Model		Sum of Squares	df	Mean square	F	Sig.
1	Regression	103.272	6	14.753	153.077	0.000b
	Residual	37.780	243	0.096		
	Total	141.052	243			
a. Dependent Variable: demand						
b. Predictors: (Constant), income, risk, inclination, onl_communi, reputation, sales						

F = 153.077 with the value sig = 0.000 (<0.05) in the table above show that: The author rejects the hypothesis H0 that "all regression coefficients are equal to 0 (except for the constant)". This result shows that the model can be used to analyze the next steps.

The results of table 5 show that sig of 06 variables < 0.05 means 06 variables: personal income (income); consumer risk recognition (risk), consumer inclination (inclination); insurance's online communication quality (onl_communi); insurer 's reputation (reputation) and sales promotion (sales) are meaningful in the model. With 243 observations and regression results showing the adjusted R^2 coefficient = 76.6%, the results in Table 4.15 show that these 6 independent variables explain over 76% of the variation in demand for non-life insurance.

Based on the standardized coefficient, personal income has the greatest influence on customers' demand for non-life insurance; next is Consumer risk recognition; Sales promotion; Insurer's reputation; Consumer inclination and finally Insurance's online communication quality.

4. Conclusion

In sum, non-life insurance is not a new type of

Table 5. Results of regression analysis of determinant on demand for non-life insurance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	-0.228	0.152		-0.150	0.000		
	income	0.252	0.045	0.215	5.637	0.000	0.469	1.134
	reputation	0.170	0.040	0.150	4.205	0.000	0.540	1.853
	inclination	0.158	0.040	0.123	3.921	0.000	0.690	1.450
	sales	0.177	0.042	0.161	4.182	0.000	0.460	1.172
	onl_communi	0.064	0.029	0.066	2.196	0.029	0.750	1.334
	risk	0.224	0.052	0.165	4.270	0.000	0.457	1.190
a. Dependent Variable: demand								

insurance, but in-depth research on this topic on a micro scale has not been done both in Vietnam and in the world. The author's research focuses on clarifying the conceptual review of non-life insurance and customer behavior; conduct statistics of research conducted in Vietnam and around the world on non-life insurance. To analyze customers' demand for non-life insurance of Bao Viet Insurance Corporation - Thang Long Branch, the author surveyed 300 customers who are using non-life insurance of Bao Viet Insurance Corporation - Thang Long Branch. After 1 month of distributing the questionnaires, the results showed that there were only 243 valid questionnaires. The author analyzed the survey results of these 243 questionnaires to clarify customers' demand for non-life insurance of Bao Viet Insurance Corporation - Thang Long Branch.

The thesis focuses on presenting descriptive statistics, assessments of the scale's reliability coefficient, EFA exploratory factor analysis and multiple regression analysis to test relevant hypotheses. As for the research model, the official research model has not changed much compared to the original model. The author focuses on the reliability of the model used, so observed variables that do not meet reliability are eliminated from the model if not guaranteed.

This study recommended several policy measures for Bao Viet Insurance Corporation such as: Promoting communication, promotion, and image building of the company, completing the distribution channel system and distribution channel policy, improving service quality and increasing customer satisfaction, etc. to enhance its market position ■

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CÁC NHÂN TỐ TÁC ĐỘNG ĐẾN NHU CẦU MUA BẢO HIỂM PHI NHÂN THỌ: TRƯỜNG HỢP NGHIÊN CỨU TẠI TỔNG CÔNG TY BẢO HIỂM BẢO VIỆT - CHI NHÁNH THĂNG LONG

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TÓM TẮT:

Nghiên cứu nhằm mục đích xác định các nhân tố tác động đến nhu cầu mua bảo hiểm phi nhân thọ cung cấp bởi Chi nhánh Thăng Long của Tổng công ty Bảo hiểm Bảo Việt. Trong nghiên cứu này, kỹ thuật nghiên cứu định lượng đã được sử dụng với tập dữ liệu được thu thập ngẫu nhiên từ 300 khách hàng tham gia bảo hiểm phi nhân thọ. Các phát hiện cho thấy tác động đáng kể của các biến số như thu nhập cá nhân, nhận thức rủi ro của người tiêu dùng, xu hướng mua dịch vụ bảo hiểm của khách hàng, chất lượng giao tiếp trực tuyến của công ty bảo hiểm và danh tiếng của công ty bảo hiểm đối với nhu cầu bảo hiểm phi nhân thọ của khách hàng. Dựa trên các phát hiện này, nghiên cứu đưa ra các chính sách khuyến nghị nhằm nâng cao công tác truyền thông, hệ thống kênh phân phối, chất lượng dịch vụ và sự hài lòng của khách hàng tại Chi nhánh Thăng Long.

Từ khóa: bảo hiểm phi nhân thọ, nhu cầu, yếu tố quyết định, hành vi khách hàng, Tổng công ty Bảo hiểm Bảo Việt, chi nhánh Thăng Long.