

**YANGON UNIVERSITY OF ECONOMICS
MASTER OF DEVELOPMENT STUDIES PROGRAMME**

**CHALLENGES FOR THE DEVELOPMENT OF COMPREHENSIVE
MOTOR INSURANCE IN MYANMAR**

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**CHALLENGES FOR THE DEVELOPMENT OF COMPREHENSIVE
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**A thesis submitted as a partial fulfillment towards the requirements for the
degree of Master of Development Studies (EMDevS)**

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ABSTRACT

By helping people face up to and manage risk effectively, insurance is an invaluable part of modern society and the motoring experience. In the current situation, adequate compensation encourages victims to claim and persuade them to accept an illegal compensation payment, creating financial burdens for vehicle owners, and at the same time causing difficulties in control and reduction of traffic accident efforts. Comprehensive Motor Insurance is a difficult class of business to manage. Myanmar Comprehensive Motor insurance industry, that is relatively underdeveloped in comparison to that of other ASEAN countries, is highly suffering from the higher motor claims as a result of increment in cost of materials and payment for the victims. But, with the appropriate strategies and operations in place, the rewards are there. Therefore, it is necessary to review the challenges for the development of comprehensive motor insurance. The objective of the study is to get appropriate coverage for the public by analyzing the situation of comprehensive motor insurance in Myanmar especially on premium and compensation and to find out the ways for the development of the comprehensive motor insurance. The quantitative method is used for the study. Primary data collected through questionnaire. Secondary data are also collected from some publications of the Myanma Insurance and MIA and appropriate and relevant internet websites. This study is presented with the aim of achieving actual progressive insurance industry by discovering the challenges for the development of Comprehensive Motor Insurance and the industry should promote and make known to all to benefit itself and the public.

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ABBREVIATIONS

AMI	Ayeyar Myanmar Insurance
ASEAN	Association of South East Asian Countries
FNI	First National Insurance
GGI	Grand Guardian Insurance
IBRD	Insurance Business Regulatory Board
IRDA	Insurance Regulatory and Development Authority
IKBZ	Insurance Kanbawza
MIA	Myanma Insurance Association
MIE	Myanma Insurance Enterprise
MTPL	Motor Third Party Liability
UN	United Nations
USD	U.S Dollar
UIB	Union Insurance Board
WHO	World Health Organization

CHAPTER I

INTRODUCTION

Insurance could be described as the assured or the purchase of security, anxious to protect against risk. It can be defined as a systematically devised design of risk-transfer mechanism which is socially valuable and a vital sector of financial services industry. The concept of general insurance is not only to protect human being but also secure personal property from unexpected risk. Moreover, the products and services provided by insurance industry have a lot of obvious benefits for both individuals and the society. Briefly, there are two major divisions in insurance: Life insurance and Non-life insurance. Life insurance protects policyholders from financial loss due to premature death, sickness or diseases. Non-Life insurance, property and casualty insurance, provides business and individuals from financial and physical losses.

Vehicle usage has embedded morbidity and mortality risk plus loss through theft and fire in several countries. In view of this Motor vehicle insurance first originated in the UK and the USA towards the end of the nineteenth century and over the last hundred to take care of the possible loss that may arise from use of motor vehicles. Motor insurance is an important form of contract arising out of or in connection with the use of motor vehicle. This take the form of equitable transfer of the risk of a loss, from the vehicle owner to the insurer in exchange for a premium, and can be thought of as a guaranteed for devastating loss. Motor insurance, which is also known as Automobile insurance, is gradually becoming the most common form of insurance. Motor insurance was introduced to protect motorist from potentially enormous financial loss from operating a vehicle. Therefore, policy makers require motorist to purchase motor insurance cover to protect innocent third-parties as well as the art fault motorist from liability. It is a fundamental public good with potentially significant positives externalities and may be managed by government or by the private sector under supervision and may be the first class of insurance with which the general public has an acquaintance.

Motorists are inclined to view it as a form of tax that they are at liberty to evade, rather than as a protection against their persona liability, because the concept is not familiar to the general public. Given the impact of the automobile insurance industry on the development of insurance markets, it is essential to gain the confidence of drivers by developing a transparent, efficient and fairly managed system.

There are two primary types of motor insurance in Myanmar; these are third-party liability insurance and comprehensive motor insurance. The risk that is normally covered by third-party is the cost of repairing the vehicle following an accident while comprehensive motor insurance policy cover the risk of the cost of repairing the vehicle following an accident, the cost of a new vehicle if it is stolen or damaged beyond economic repairs as well as legal liability claim against the driver or owner of the vehicle following the vehicle causing damage to a third-party. Comprehensive car insurance is not an obligation in most countries of the world. However, if a car owner wants to guard against financial jeopardy, comprehensive auto insurance is the best because it covers compensation for car accidents and other kinds of misfortune. If damage is made to another party, harm to the person or damage to a property, this insurance policy will safeguard policy holder in that kind of situation. It also covers the policy holder's own vehicle and medical expenses. However, this policy has the highest premiums compared to the third-party liability insurance policy. Moreover, the coverage for the damages to policy holder's vehicle and the other party's vehicle, comprehensive motor insurance covers damages that consequences to other non-car crash incidents.

1.1 Rationale of the Study

United Nations (UN, 2011) report showed nearly 1.3 million people lose their lives and millions more are disabled in often preventable road crashes every year, predominantly in low-income and middle-income countries. World Bank studies have also shown that road accidents occur in developing countries, causing death and injury eight times faster than in industrialized countries. Injuries from road traffic are the main health problem of the public and a principal cause of injury and death in the world (WHO, 2008). On top of this, the data from "Commission for Global Road Safety 2010-2020", reveals that road traffic fatalities are forecasted to increase to more than 1.9

million over the next ten years from a current level of more than 1.3 million. It is also currently one of the important matters in our country to lessen road traffic and economic loss due to motor accidents, which has been performed with the plan because economic loss by traffic accident is between 1 to 3% of the GDP's shares. The greater part of these deaths – about 70% – occurs in developing countries (ECA, 2011).

Comprehensive Motor Insurance are voluntary insurance which include both third party liability and own damage cover. The comprehensive policy includes comprehensive for loss of or damage to the insured vehicle caused by: accidental collision, overturning, fire or lightning, malicious act, and impact damage caused by falling object. Comprehensive car insurance is not an obligation in most countries of the world. If damage is made to another party, harm to the person or damage to a property, this car insurance policy will safeguard policy holder in that kind of situation. It also covers the policy holder's own vehicle and medical expenses. However, this policy has the highest premiums compared to the third-party auto insurance policy. Moreover, the coverage for the damages to policy holder's car and the other party's vehicle, comprehensive insurance covers damages that consequences to other non-car crash incidents. Comprehensive car insurance cover losses that policy holder's vehicle may incur due to fire, vandalism theft or natural disaster. This type of insurance will cover vehicle from natural disasters like severe storms to flooding.

Fully comprehensive motor insurance is of great help depending on the type of vehicle that the people want to insure. This type of insurance offers a peace of mind, in the case where catastrophic events were to happen. Unlike third party insurance which has a fixed cover and it is for only accident liability and collision, comprehensive insurance is an insurance that will protect and reimburse the people with their losses directly. While other types of insurance are generally only for the benefit of third party this type of insurance pay for any losses sustained during unforeseen accidents. Comprehensive coverage will allow policy holder to quickly recover from any losses if vehicle is intentionally damaged, stolen, or damaged in the event of a natural disaster like fire or flood. This kind of coverage is of great help to assist in recovering losses and it will fill the gap that third party insurance policy may leave open: particularly because this policy does not cover losses in full. Therefore, for one to reap the full benefit of insurance

there is the need to obtain complete insurance cover offered by comprehensive motor insurance policy as the third-party insurance does not adequately cover loss to car owners and compensate injured victims during accident.

In Myanmar, there are 700,000 vehicles which are registered up to 2019 February. According to the state-run insurer Myanmar Insurance Enterprise (MIE), the number of vehicles users are increasing day by day (already 9P,1Q character outfits) and then the rate of purchasing insurance is on the rise but it is still much lower than expected. Approximately 30 percent of vehicle owners have bought a comprehensive coverage insurance policy despite the rising number of motor vehicles used for transportation. Comprehensive motor insurance is not well known in Myanmar and this study will highlight on how to cover from the road traffic accident taking Comprehensive Motor Insurance Industry in Myanmar. To determine the financial growth of Myanmar Insurance sector should have been taken as the important factor which determined the growth, although there were many other factors which certainly contributed to the growth.

1.2 Objectives of Study

The objective of the study is to describe the present situation of comprehensive motor insurance and to analyze challenges for the development of comprehensive motor insurance industry in Myanmar.

1.3 Method of Study

Data for this thesis is used some publications of the Myanma Insurance of the Ministry of Finance and Revenue and appropriate and relevant internet websites and reports. Then, some data is collected from Myanmar Insurance Association (MIA) and some private companies. To meet the objectives of this thesis, descriptive method is used and some data and information were provided by using tabular forms and graphs. Survey method was used to get primary data and information by using some relevant questionnaires.

1.4 Scopes and Limitation of Study

The foremost constraint to this study is difficult to obtain sufficient data and information because the study is new as well as interesting on the other hand, there is no single study done so far on such issues in Myanmar. This study does not focus on general insurance policy in Myanmar. This study focused only the challenges for the development of comprehensive motor insurance and not covers the whole population in Myanmar.

1.5 Organization of Study

This research paper is organized into five chapters. Chapter I introduce about insurance and comprehensive motor insurance system and portray the rationale, objectives, scope, limitations and method of the study. In Chapter II, the history events of Insurance Industry and background history of Comprehensive Motor Insurance are reviewed in details. Chapter III, background history of Insurance Industry in Myanmar and tries to analyze the current situations of insurance industry in Myanmar. And then, Chapter IV presents the empirical study of Comprehensive Motor Insurance and finding and analysis the challenges for the development of the current Comprehensive Motor Insurance in Myanmar. Finally, Chapter V concludes the paper and recommendations to develop Comprehensive Motor Insurance system.

CHAPTER II

LITERATURE REVIEW

2.1 Insurance

Human beings face various types of risk connected with several activities in the day to day life. Subsequently human beings have been searching for methods to tackle or reduce these risks. From the best methods to reduce risks, Insurance stands first (SCERT, 2006). Insurance is an intricate economic and social device for the handling of risks to life and property. It is social in nature because it represents the various co-operations of various individuals for mutual benefits by combining together funds to reduce the consequence of similar risk (Timothy, 2011). Insurance is beneficial to individuals in many ways. Individuals, society and business benefit from scientifically calculated risk and distribution of financial loss. The premium collected by insurer is utilized for meeting their expenses and claims. The balance is invested in profitable industries. Thus, insurance speeds up industrialization. Hence, development of insurance is a symbol of development of industry, business and commerce, which, in turn, provides employment opportunities (SCERT, 2006).

Therefore, insurance is essential for a viable economy. Businesses and individuals would be unable to take risks and protect their assets devoid of it. It allows, furthermore, the victims of accidental losses to recover financially and helps households manage their finances in the face of death and disability and its availability encourages individuals to acquire assets and invest for the future (UNEP, 2007). Insurance is a contractual agreement between an insurance company and an insured, which, in exchange for a premium, provides financial protection for risks associated with driving or owning an automobile (Hamm, 2008). Sometimes the insurer is the government. The ultimate aim is always the same – to protect against financial losses and hardship if something

unpleasant happens. It is a risk-transfer mechanism that ensures either partial or full financial compensation if something unpleasant happens. In the contract, the insurer indemnifies the insured against a specified amount of loss that might occur from a specified list and/or description of eventualities over a given period. The insured gets coverage as long as they pay the premium (Marsden, 2008).

A premium is the amount of money that the insured must pay for an insurance policy. They pay the money monthly, quarterly, once, or twice a year. Life is full of hidden dangers and risks that could happen at any moment. The system works by pooling all the premiums of the insured entities. The money subsequently pays for the losses that some of them may incur. For a premium, the insured entities are protected from risk. The size of the premium depends on the severity and frequency of the event occurring. For an insurance system to work, i.e., for the insured to get cover, they must meet certain criteria (Marsden, 2008). Insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. It is, on the other hand, the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium (Squidoo, 2013). There are insurance policies for virtually any risk. There are also umbrella policies, which provide additional coverage in case the underlying policy is not enough. (Taera, 2004). As the growth of registered vehicles always outnumbers population growth and new roads are constructed, travel risks and traffic exposure grow at a much faster rate with rising motorization and expanding road network (Sensarma, 2011).

In an attempt to improve the accident risk of novice drivers, insurance companies in the United Kingdom (UK) have recently introduced a scheme where additional training (e.g., motorway driving, advanced driver training, and defensive driving) results in a reduction of the insurance premium cost. The insurance industry is also a good source for accident data and costs. The total cost of the economic consequences of road accidents often needs to be calculated before governments will begin to invest in road safety. Insurance companies can provide much needed data for accident costing. In a few countries, insurance claim data have been found to be more comprehensive than police data (ADB, 2003).

2.2 Historical Background of Insurance

The industry dates back thousands of years. Babylonian and Chinese traders practiced distributing or transferring risk two and three thousand years BC respectively. The Babylonians had a system dating back to 1750 BC which covered merchants. If a merchant obtained a loan to fund his shipment, he would pay an additional fee to the lender (Taera, 2004).

The lender would subsequently cancel the loan if somebody stole the goods or if they fell into the sea. At some time during the first millennium BC, citizens of Rhodes created the *general average*. (Taera, 2004) This allowed merchant groups to pay to insure the goods that they were shipping together. Premiums were collected and used to reimburse any merchant whose products were jettisoned during transport. Individual contracts – policies not bundled with loans – emerged in Genoa in the fourteenth century AD (Taera, 2004).

The first insurance contract was happened in Genoa in 1347. For the next 100 years, maritime insurance developed and spread rapidly, with varied premiums. Property insurance as we know it today existed when the Great Fire of London occurred in 1666. The fire destroyed more than 13,000 homes. After that fire, Londoners began to view property cover as a ‘matter of urgency’ rather than one of convenience. Sir Christopher Wren (1632-1723), one of England’s most acclaimed architects, included in his new plan for London in 1667 a site for ‘*The Insurance Office’s*’ (San, 2016).

Several attempts at fire coverage schemes failed until 1681. Economist Nicholas Barbon together with eleven associates established London’s first fire insurance company– the *Insurance Office for Houses*, at the back of the Royal Exchange (San, 2016). It provided insurance for brick and frame homes. The *Insurance Office* initially insured 5,000 homes. Additionally, at around the same time, the first schemes for the underwriting of business ventures emerged. By the end of the 17th century, London had become a major center for trade, with rapidly-increasing demand for marine insurance (San, 2016).

Edward Lloyd opened a coffee house in the late 1680s, where members of the shipping industry began frequenting. Shippers wanted to insure their cargoes and ships. Individuals willing to underwrite such ventures also needed to insure what they were doing. These informal gatherings led to the establishment of Lloyd's of London, the world-famous insurance market. Several other shipping and insurance businesses also emerged. The Amicable Society for a Perpetual Assurance Office was the first company to sell life policies. William Talbot and Sir Thomas Allen founded it in 1706. In 1762, Edward Rowe established the Society for Equitable Assurances of Lives and Survivorship. It was the world's first mutual insurer. Mr. Rowe's company pioneered age-based premiums based on mortality rate. He laid the framework for most calculations made today in the life assurance industry (Nairobi, 2005).

It was not until the late 19th century that 'accident insurance' started to become available. It was similar to today's disability insurance. The Railway Passengers Assurance Company, formed in 1848 in England, was the first company to offer accident cover. The nascent railway system, which was growing rapidly, did so with a rising number of fatalities. In the last quarter of the 19th century, governments started to initiate national insurance programs against old age and sickness. In the 1880s, Chancellor Otto von Bismarck, from what is today Germany, introduced old age pensions and medical care. (Nairobi, 2005). He also introduced accident insurance. Subsequently, a type of welfare state was born. The Liberal government in the UK introduced extensive legislation in the 1911 National Insurance Act. For the first time ever, Britain's working classes had a contributory system of insurance against unemployment and illness (Nairobi, 2005).

2.3 Life vs. General insurance

In **life insurance**, the company pays a specific amount of money when the person dies. In **general insurance**, the amount of compensation paid is proportional to the loss incurred by the unpleasant event. According to the American international banking and financial services holding company Wells Fargo: Life turns on a dime. One can never predict when insurance will be needed. Many people only purchase it when it's required,

like when they're buying a new home or car. Paying for insurance now can be an important safety net if the unexpected happens (Paths, 2006).

2.4 Types of Motor Insurance (Automobile Insurance)

No other technology – apart from construction and telecommunications – has had such a profound impact on mankind as automotive technology. From its humble beginnings in the late nineteenth century and a global spread through the whole of twentieth century, the automotive sector has grown rapidly and has witnessed rapid transformation. With different types of automobiles like two-wheelers, three-wheelers, personal cars, commercial vehicles etc. so ubiquitous, it is impossible to imagine life without automobiles (Kline, 2012).

Travelling by vehicle is inevitable and a routine for most of us now. While they are essential for commuting, they also expose us to multiple risks – bodily as well as financial. Hence, security becomes a necessity in case of vehicle damage, loss of vehicle, third-party liability, etc. A Motor Insurance safeguards your finances and gives you the desired coverage in the event of such incidents (Kline, 2012). A comprehensive Motor Insurance plans help a person secure his/her vehicle from financial liabilities or loss of motor vehicle that he/she may face.

In extreme situations, automobile owners may find themselves saddled with high financial liability if proper care is not taken. Motor Insurance deals with the insurance covers for the loss or damage caused to the automobile or its parts due to natural and man-made calamities. It provides accident cover for individual owners of the vehicles while driving and also for passengers and third-party legal liability. A Motor Insurance cover could be purchased for cars, trucks, motorcycles, and other road vehicles. Motor Insurance offers protection to the vehicle owner against (i) damages to his or her own vehicle and (ii) any Third-Party Liability (iii) Personal accident to owner while driving or travelling in a car along with cover to driver and passengers. Third-Party Insurance is a statutory requirement. The owner of the vehicle is legally liable for any injury or death to third-party life or damage to property caused by or arising out of the use of the vehicle in

a public place. Driving a motor vehicle without insurance in a public place is a punishable offence in terms of the Motor Vehicles Act, 1988.

2.4.1 Third-Party Liability insurance

This motor insurance is only for the protection of third parties if the vehicle causes damage to third parties. The meaning of a third party in this context would mean any other person who is injured by your vehicle. Any other damaged vehicle that is not your property and any surrounding object that may have been damaged. As a general rule, the Insurance Regulatory and Development Authority (IRDA) decides the amount of the premium to be paid if third-party liability insurance is to be contracted.

2.4.2. Comprehensive motor insurance

As the name implies, this policy is a combination of liability insurance and personal accident insurance. Personal damage means any damage that the vehicle may suffer or any damage that your vehicle may suffer as a result of an accident, fire, theft or other causes. In this case, additional premiums would have to be paid. While the premium payable under third-party liability insurance is determined by IRDA, the issuing company determines the premiums that will be paid under this insurance. In addition, the premium for comprehensive insurance is always greater than the corresponding premium for third-party liability insurance in the amount of the insured value, since the insurance offers double coverage compared to the previous one.

2.4.3. Distance-Based Vehicle Insurance

Insurance is currently a fixed cost with respect to vehicle travel. A reduction in vehicle mileage does not usually provide a comparable reduction in insurance premiums. Distance based pricing converts insurance into a variable cost, so reducing a vehicle's annual mileage reduces its insurance premiums, all else being equal. It is based on the principle that prices should reflect costs, so consumers who reduce the costs they impose should receive proportionate savings. Reduced driving reduces the risk of crashes and insurance claims. By the existing pricing system, claim cost savings that result when

motorists reduce their mileage are retained as profits by insurers, or returned to premium payers as a group. With distance-based pricing these savings are returned to the individual motorist that reduces mileage. The less you drive the more you save, reflecting the insurance cost savings you create (Litman, 2012).

2.5 Bonus malus system (No Claims Discounts)

The bonus malus system refers to the use of premium discounts for claim free driving and surcharges for crash involvement. No claims discounts (NCD) are popular in the UK, British Columbia and Sweden, with discounts up to 75% available in the UK (Aeron-Thomas, 2002). Motor Insurance Industry can take the experience of United Kingdom as a point of reference how many percent is paid as discount: one claim-free year 25% discount, two claim-free years 40% discount, three claim-free years 50% discount and four claim-free years 60% discount forms of no-claim bonus (ADB, 2003).

2.6 No Loss and No Profit System

Since comprehensive motor insurance tries to protect the victims of automobile accidents and has a major concern on social welfare, the rates are worked out of noncommercial basis. In principle, the pure premium portion should be matched to the claims amount. The loading portion would bear administrative expenses and agency commission but should not contain profit. This is usually called “no-loss and no-profit rules” (Jean S. Phinney, 2015).

Comprehensive motor insurance business may incidentally make profit or loss. In these cases, Comprehensive motor insurance rate will be increased and decreased with an appropriate adjustment. Interest which is accrued on insurance premium from the date premium collected to the date indemnities paid, should server for such activities as loss prevention or victims protection or the shortage of premium in the future (Jean S. Phinney, 2015).

The premiums of the comprehensive motor insurance which are worked out by the Automobile Insurance Rating Association of Japan have to be approved by the Ministry of Finance. The premium consists of pure premium to cover liability and

loading to cover liability and the loading to cover expenses including agency commission. NO profit should be included in the premium, which is a remarkable feature of this insurance.

In Japan, most of the insurers are private companies, the government reinsures them for the 60% of the premiums and the remaining 40% is ceded to the reinsurance pool, which domestic direct insurers set up on a pro-rate basic, because insurers cannot refuse the application and it is not permitted to expect to earn profit in ratemaking (Jean S. Phinney, 2015). The Comprehensive motor insurance reinsurance pool helps to equalize the loss ratio of each direct insurer.

In some countries, mutual pool was established among all insurance companies to even off risks and to balance revenues and expenditure. In Myanmar, Myanma Insurance establishes reserve funds to balance revenues and expenditure. Government or insurance supervisory authorities should do their best to set the comprehensive motor insurance premiums close to their real cost and to put in place a bold prevention policy aimed at reducing the frequency of car accidents.

In most developing countries, the lack of a bonus-malus system creates no individual incentive to improve behavior and most of developed countries have introduced a bonus-malus system in a reform of insurance.

2.8 Review on Previous Studies

Wang (1998) studied claims information of different insurance cover in Taiwan and provided partial evidence those loss frequencies and insurance loss ratios were reduced after introducing an insurance design with less claim cover. Wang's conclusions might support our notion that, less claim cover increases safety awareness and awareness of true marginal cost of driving behavior.

Ong and Sung (2000) argued that low motor insurance premiums, particularly third-party cover, are often believed to increase car ownership in the population. This in turn might lead to increasing the number of automobiles on the road, subsequently leading to increased traffic volume which influences accident risk and is linked to increased rates of traffic accidents.

Dionne and Ghali (2008) studied the empirical impact of the Bonus Malus rating system in Tunisia on road safety. This rating system is based on the claim history of the insured, where he/she is penalized for each caused accident. They concluded that this rating system reduces the probability that a loyal insured will be involved in a reported accident. They noted that this does not affect the probability of those, who represent a large percentage of the total insured in Tunisia, who frequently switches insurance companies without being penalized. Some western countries, the Netherlands for example, apply a tougher version of the Bonus Malus system. The claim history of each insured is kept in track by the government, and is transferred automatically to the new insurance company.

David A. Stephens, Martin J. Crowder, Petros Dellaportas (2003) Quantification of automobile insurance liability: a Bayesian failure time approach. The main goal of this research work is to make a new modeling approach to the prediction of outstanding claims of an insurance company. In this paper, they used a three-stage hierarchical model, and in that model the number of claims made per year, the settlement process in each year, and the claim settlement amounts are included.

Kyaw Lin Thant (2007) studied Insurance Market Development in Myanmar. This article examined the history of the insurance industry in Myanmar and reviews the risks of the global insurance industry as well as insurance and history. In this study, he analyzes descriptive statistical methods to assess the relationship between insurance and economic growth, which may reflect public awareness of how insurance can heal the damage it encounters during of their daily life and it trend during the period (1989 - 2006). In addition, the need for life insurance has been publicly assessed in Myanmar. This paper divides the insurance market of Myanmar into two periods: before 1988 and after 1988. The part of the development of the insurance market of Myanmar is examined in 1988 before 3 periods: (1) the colonial period, (2) the 1 period of parliamentary democracy and (3) the period of planned economy, and after 1988, the market economy is presented in relation to the era of the period. Second, it analyzes the life insurance situation in Myanmar. In this study has highlighted the distribution and technology requirements of life insurance products. This paper recommended that life insurance

requirements in Myanmar's economy be easily created by government in a way but a healthy but flexible regulatory and supervisory system, incentives to save in the long run rather than to consume, encourage a better understanding of personal savings and financial planning through education.

Myo Than (2010) studied the situational analysis of compulsory motor third-party liability insurance in Myanmar. The analysis of the study highlight that the first step is to revise the suitable amount of compensation to the victims according to the third-party liability compensation scale of Comprehensive Motor Insurance policy by using the system of “No Loss and No Profit” liked Japan. The second step is the compensation for development of third-party liability insurance should be done on compensation based on the system by structured formula including age and income of the victim or compensation based on the dependents’ actual loss of income like India. Then, it is also mentioned that reliable data availability is also an important to estimate of future indemnity payment and the written premium calculation and to control for unregistered motorcycles which cause high accident rate which result in difficulty to carry out the estimated claim reserve.

Edosa Getachew Taera (2014) studied Motor Insurance Industry and Its Role in Road Safety in Ethiopia. The findings of the study show that legislation, enforcement, promotion, financing, upgrading traffic signals and markings and conducting researches were the pillars and the means through which Motor Insurance Industry (MII) can prevent, reduce Road Traffic Accident and its burden more importantly than others as it is close to and shares the problem as well as the solutions needed. So, MII should give more emphasis to these pillars and put into action in a coordinated way than before for Road Traffic Accident (RTA) is alarmingly escalating and needs MII’s active participation. Then, the industry should convince the companies to allocate funds to support Road Safety Management (RSM) by creating active relationship with National Road Safety Coordination Office.

CHAPTER III

OVERVIEW OF INSURANCE INDUSTRY IN MYANMAR

3.1 Background History of Insurance Industry in Myanmar

In Myanmar, there has not been private insurance in for more than 50 years; therefore, most of the people do not have the knowledge of insurance advantages. That's why their interest on insurance is very low. In 1945, the Insurance system started aftermath of the wake of the First Anglo- Myanmar War, and 18 insurance companies landed in Myanmar. In 1963, before the former military government launched a sweeping nationalization, there were more than 70 private insurance companies which were operating in Myanmar. Since 1952, Myanmar Insurance Enterprise (MIE) stands as the sole insurer in Myanmar. The company that entered the Myanmar market at that time is shown in **Table 3.1** (Ba Hla, 1966).

Table (3.1) List of Foreign Companies Operating in Myanmar during Colonial Period

Sr.No.	Name of Insurance Company	Year Enter into Myanmar
1.	The Alliance Insurance Co.	1845
2.	The Imperial Insurance Co.	1845
3.	The Northern Insurance Co.	1860
4.	The Royal Insurance Co.	1863
5.	The Sun Insurance Office	1868
6.	The Liverpool-London & Globe Insurance Co.	1870
7.	The North British & Mercantile Insurance Co.	1878
8.	The London & Lancashire Insurance Co.	1880
9.	The London Insurance Co.	1883
10.	Phoenix Assurance Co.	1883
11.	Atlas Assurance Co.	1886
12.	The New Zealand Insurance Co.	1889
13.	The Commercial Union Assurance Co.	1890
14.	The Royal Exchange Assurance	1891
15.	The Scottish Union & National Assurance Co.	1891
16.	Norwich Union & Fire Insurance Society	1897
17.	Yorkshire Insurance Co.	1897
18.	The Caledonian Insurance Co.	1897

Source: Ba Hla, U. Insurance System Vol:1, 1966

In the forms of 1826, which introduced the practice of insurance in Myanmar in 1940, the number of insurance companies has been increased to 100, and several insurance associations were organized. In addition, there were certain attempts to enact the laws. Before the separation from India, there were certain insurance laws, such as the Law on Life Insurance Companies of 1928. After seceding from India, Myanmar observed those laws along with the rest of the colonial era until 1948 (Ba Hla, 1966).

In February 1938, a bill was presented to the legislature for adoption as a Myanmar insurance law. It was known as the U Ba's bill and was expanded more than the ancient Indian laws. Insurance associations, such as the Burmese Insurance Association, the Association of Motor Insurance Agents in Burma and the Association of Marine Insurance Representatives in Burma, were set up with some representatives of the insurance companies as a committee set up to analyze the bill. After careful consideration, some corrections were made and submitted to the legislature. Unfortunately, the bill was not enacted because of the outbreak of the Second World War in 1942 (HP, 1998).

About 100 years after the first Anglo-Burmese war, the first Myanmar insurance company emerged in 1937. The national insurance company Burma was founded in 1937 by Sir U Thwin. Myanmar's second largest insurance company was founded in 1940 named as The Burma (Government Security) insurance company. Before independence, there were only two Myanmar-owned companies existing among over 100 companies in the Myanmar market (HP, 1998).

After obtaining the Independence, the next Myanmar-owned insurance companies were established in 1955 and 1957 respectively. The People's Insurance Co., Ltd led by Dr. Sein Ban emerged in 1955 and the Burma Fire and General Insurance Co., Ltd by U Ba Toke in 1957. From 1948 up till 1964, several laws were promulgated in Myanmar consecutively. The Union Insurance Board Act 1950 and the Insurance Companies Nationalization Act 1951 were enacted with a view to partly stopping the premium outgo. The Union Life Assurance Rules come out in 1952, the Life Assurance (prohibition) Act were promulgated and the life business was underwritten only by Government. In 1961, the Compulsory Reinsurance Act was enacted and the general insurance companies were to reinsure 30% of their premium with UIB. In 1964, the Socialist Government

nationalized the private enterprises and the role of the private insurance companies ended abruptly on 1st of February 1964 (HP, 1998).

On 1st March of 1952, the Union Insurance Board was established according to the provisions of the Union Insurance Board Act 1950. The Burma National Insurance Co., Ltd, One of two Myanmar – owned insurance companies, was nationalized to become what was known as the Union Insurance Board (UIB) according to the provisions of the Insurance Companies Nationalization Act 1951. UIB started as life insurer for the public servants and extended its operations into other areas of insurance according to the provisions of the laws concerned. The emergence of UIB was a great mile-stone in Myanmar Insurance, the state-owned insurance enterprise which has been playing an essential role as caretaker and developer in Myanmar Insurance Industry (HP, 1998).

After nationalizing the Burma National Insurance Co., Ltd, UIB started its business in life insurance and extended to general insurance business in 1957. In 1959, UIB monopolized the life business in accordance with the provisions of the Life assurance (Prohibition) Act, 1957. Then, the UIB monopolized all areas of insurance business by the issuance of order by Ministry of Labor on 31st of January 1964. The insurance business was solely managed and operated by the Government since 1st of February 1964. On 1st of February 1964, all the private economic enterprises were expropriated. Since then, insurance business was in the domain of the Government in accordance with the planned economic system of the Socialism (HP, 1998).

In 1975, the Pyithu Hluttaw enacted the Insurance Business Law as Pyithu Hluttaw Law. Under the provisions of Law, all the public servants were to affect the life insurance policies. In 1976, the Rules on Third-Party Liability Insurance came out and owners of motor vehicles have to affect compulsory Third-Party Liability Insurance with the Myanmar Insurance. In 1968, UIB was dissolves and the insurance business was attaches to banking sector till 1976. On 1st of April 1976, the Myanmar Insurance Corporation was re-established under the provisions of the Insurance Business Law 1975 (HP, 1998).

The innovations and new products were introduced by Myanmar Insurance such as Farmers Insurance, Old Aged Insurance, Cattle's Insurance, Compulsory Motor Third-

Party Liability Insurance and Compulsory Life Assurance for Public Servants. Insurance transcends political boundaries, as all people

, no matter what their political philosophies are, exposed to the vagaries of risk. In Myanmar in the regime of Socialist Government insurance is conducted by state-run insurance company, Myanmar Insurance Corporation. UIB proclaimed the slogans of “A policy for each hut” and “Each hawker and worker can affect the insurance”, based on the community (Silcock, 2003).

Although there was commensurate success at the time of UIB, Myanmar Insurance Corporation, as the workforce of socialist economic system, succeeded some of insurance schemes, Cattle’s Insurance, Farmer Insurance and also Old Aged Insurance, with the intention of supporting the construction of socialist economic system. Myanmar Insurance rooted in the rural area and organized farmers, rural community and workers in terms of indemnity effectively. Myanmar Insurance can attain a specific role in the socialist economic system by providing those types of insurance (Silcock, 2003).

Myanmar had practiced market economy before 1964. In 1964, the Socialist Government nationalized the private enterprises. The establishment of the Socialist Economic System ended unexpectedly in 1988 with the disruption of administration and coming in of the new government, the state law and Order Restoration Council. The Economic System was changed and the market economy was re-introduced as Market-oriented Economy and the liberalization or opening up of the market followed (Silcock, 2003).

In 1993, the State Law and Order Restoration Council Government enacted the Myanmar Insurance Law to conform to the new economic system. In 1996, a step forward was taken by enacting the Insurance Business Law, drafted by Myanmar Insurance based on studies of insurance business laws of the various countries. It was designed to allow private sector to insurance business. The rules came out in 1997. A company formed under Myanmar Company Act can apply for insurance business license but the applicants must have financial capacity to put up the paid-up capital of Kyat 30 million to Kyat 200 million depending on the kind of insurance they want to do. In accordance with the Insurance Business Law 1996, the Myanma Insurance established

the Insurance Business Supervisory Board which is responsible for the range of activities including (HP, 1998).

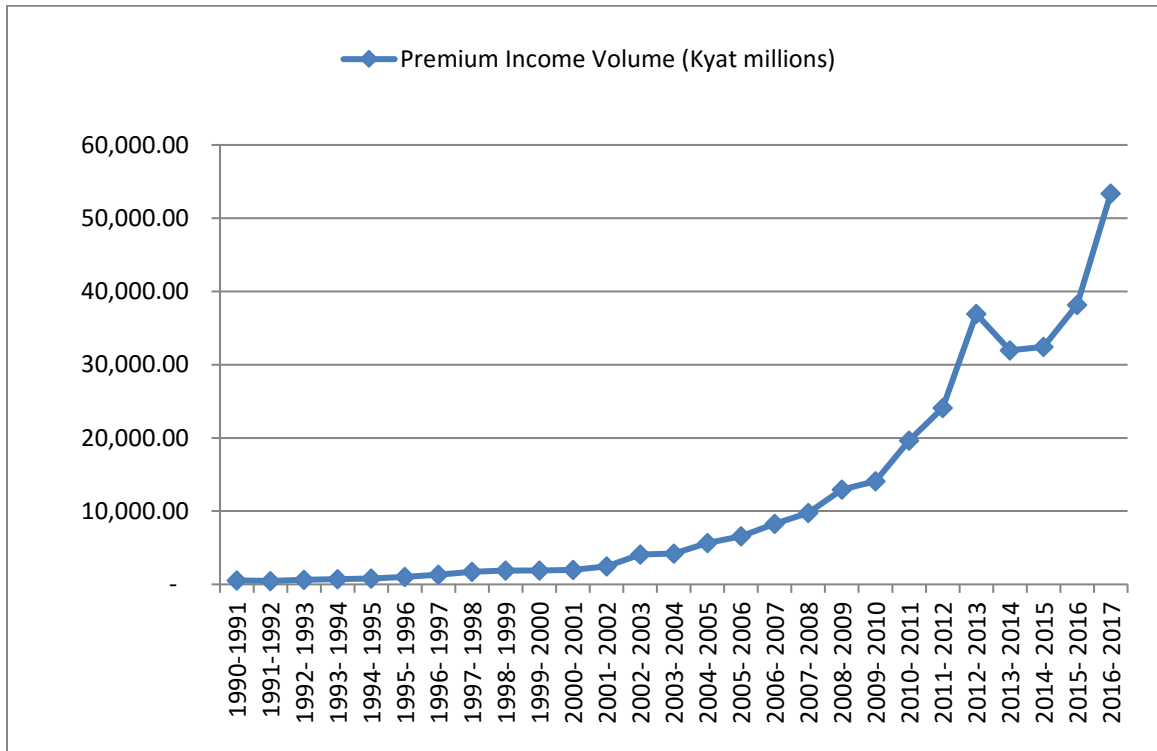
- (i) Screening and approving application for business license;
- (ii) Setting amount of paid up capital;
- (iii) Setting the criteria by which the value of the assets and liabilities are to be determined;
- (iv) Setting the limits for investment for any insurance fund and
- (v) Establishing the deposit, licensing fee and annual fees.

Being the one and only insurance company in Myanmar, the Myanma Insurance as restructured in accordance with the market economy under the Myanma Insurance Law 1993, as a legal entity having perpetual succession, capable of suing and being sued in its own name (Silcock, 2003).

Myanma Insurance is established with the following objectives; (i) to overcome financial difficulties by effecting mutual agreement of insurance against social and economic losses which the people may encounter, due to common perils; (ii) to promote the habit of savings individually by effecting life assurance, thus contributing to the accumulation of resources of the state; (iii) to win the trust and confidence of the people in the insurance system by providing effective insurance safeguard which may become necessary in view of the social and economic development (HP, 1998).

The Myanma Insurance has opened 38 branch offices in economically viable locations across the country as shown in *Appendix 1*. Task force was expanded to over 1300 and nearly 1000 staffs were stationed at its six storied Head Office at No.627-635, Merchant Street, Yangon. Myanma Insurance premium income is increasing after new economic system. 1991-92 income was only about Kyat 523.53 million. In 2008-2009, the premium income of Myanma Insurance was Kyat 12,929.76 million (nearly thirteen billion). It is a great increase compared to 1991-92 premium income. Whatever the premium income is increased by means of agency scheme, and also by means of foreign investments and banking system by law promulgations, the premium income of Myanma Insurance illustrates its growth as shown below in and Figure 3.1.

Figure (3.1) Premium Income Volume of Myanmar Insurance



Source: Myanmar Insurance

Myanmar Insurance is a successful insurance organization, making more and more profits year by year. From 1990-2001 to 2000-2001, premium income was steady, rising from 2001-2002 to 2012-2013, a slight decline in 2013-2014 due to the market sharing with newly opened private local insurance companies, most of the followed by a sharp rise from 2014-2015 to a peak of Ks 50 million in 2016-2017.

3.2 Market Conditions of Insurance Industry in Myanmar

Myanmar Insurance market is highly regarded as one of the most existing investment opportunities for international insurance companies as penetration rate in Myanmar remains the lowest in the region and the market is hugely untapped, with insurance penetration standing at just 0.07 percent of GDP. According to data provided by Central Statistical Organization (CSO), GDP per capita is US\$ 1046 for Financial Year 2016-17. A per capita income of around US\$5000 is estimated in the year 2030, which generally indicates a point where there is a sufficient middle class for the insurance market to begin expanding rapidly. As such, insurance companies in Myanmar are preparing to have that potential.

Insurance providers in Myanmar expect a more competitive and promising landscape on which they wish to do business in the near future. With market liberalization, it will enable firms to offer a wider variety of insurance products. Liberalizing the insurance sector is important not just because penetration rates are high in Myanmar and enabling global insurance providers to operate here will help the country more development. Myanmar government has a strong political-will to liberalize insurance sector by allowing foreign insurance companies to enter local market.

The comprehensive insurance liberalization plan has been drafted and approved by cabinet. The comprehensive liberalization action plan is to be officially announced once the selection criteria are well set by the selection committee, Foreign insurance, brokers, and loss adjusters will be guaranteed license to transact their business in domestic market. In terms of numbers of players in the market, until 2012, state-owned Myanmar Insurance Enterprise is the only player in the market but starting from 2013, 11 private local insurance companies have been granted licenses to do insurance business. Currently, state-owned Myanmar Insurance Enterprise and 11 local private insurance companies, altogether 12 insurance companies (as shown in Table 3.2) which have been operating their insurance businesses, of which 4 insurance companies specifically underwrite the life insurance. The rest 8 companies underwrite composite insurance both life and non-life insurance.

Table (3.2) Local insurance companies in Myanmar

Sr.	Name of Insurance Firms	Types of Business	License' Date
1	Myanma Insurance	Composite	1-Mar-1952
2	IKBZ Insurance Co., Ltd	Composite	25-May-2013
3	Grand Guardian Insurance	Composite	25-May-2013
4	Aung ThitsarOo Insurance Co., Ltd	Composite	25-May-2013
5	Citizens Business Public Co., ltd	Life	25-May-2013
6	Aung Myint Moh Min Insurance Co., Ltd	Life	25-May-2013
7	Capital Life Insurance Co., Ltd	Life	14-Jun-2013
8	First National Insurance Public Co., Ltd	Composite	14-Jun-2013
9	Ayeyar Myanmar Insurance Co., Ltd	Composite	14-Jun-2013
10	Global World Insurance Co., Ltd	Composite	14-Jun-2013
11	Young Insurance Global Co., Ltd	Composite	6-Oct-2013 (Life) 18-Oct-2016 (General)
12	Excellent Fortune Insurance Co., Ltd	Life	6-Oct-2013

Source: Myanmar Insurance Association, 2018

There are 27 foreign representative offices from 13 different countries, of which 18 representative offices from 10 different countries have already established their offices in Myanmar. Among them, 3 Japanese companies have been permitted to conduct limited insurance business in the Thilawa Special Economic Zone (SEZ) in Yangon as shown in *Appendix 2*. On the other hand, there are also representative offices of international brokers and intermediaries from 5 countries. Each one is from France, Thailand, Malaysia and Vietnam, and 5 are from Singapore as mentioned in below Table 3.3.

Table (3.3) Representative Offices in Myanmar (Brokers)

Country	Name	Total
France	Poe-ma Insurance	1
Thailand	JLT Jardine Lloyd Thompson Ltd	1
Malaysia	KM Dastur Reinsurance Brokers Private Ltd	1
Singapore	Willis Singapore Pte. Ltd	1
Singapore	MARSH Insurance	1
Singapore	Pana Harrison (Asia) Pte. Ltd	1
Singapore	Asia Insurance Brokers Pte. Ltd	1
Singapore	Grandiose Pte. Ltd	1
Viet Nam	AEGIS Management & Consultants Agency Co., Ltd	1
Total		9

Source: Myanmar Insurance Association, 2018

With regard to product availability in the market, currently 29 categories of insurance products which are currently offered by local private insurance companies are available in the market as shown in following Table 3.4. Among 29 products, local private insurance companies have been providing 15 products. There is no restriction on private insurance companies for launching products and selling existing products. The Insurance Business Regularly Board has been allowing as long as their product launched is feasible to provide in the market. All the private companies are to be allowed reinsurance business, ceding some portions to state-owned Myanmar Insurance Enterprise (MIE).

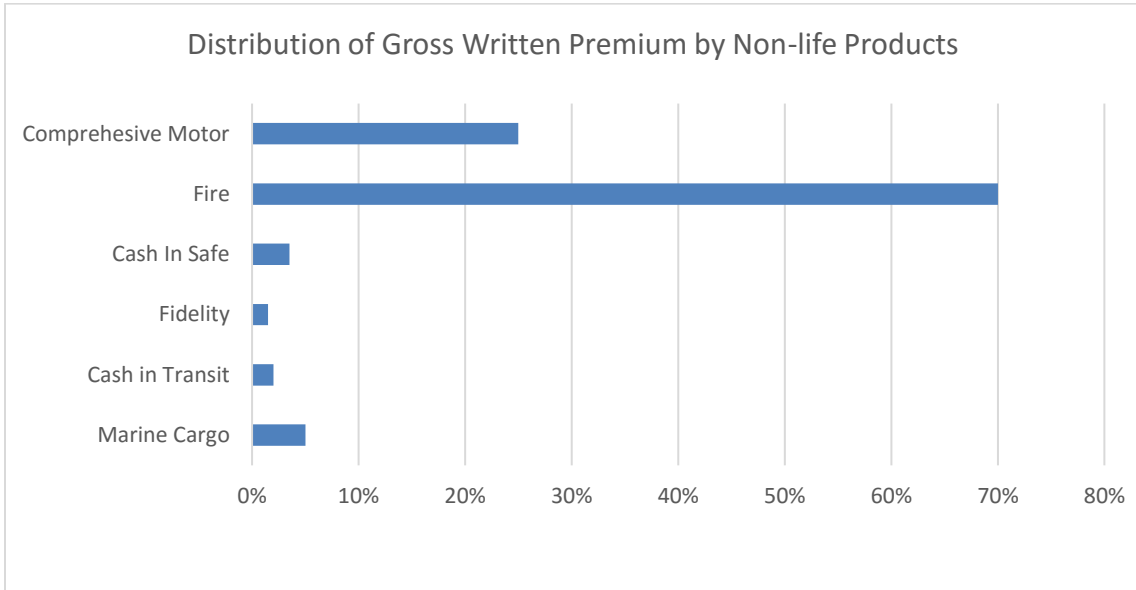
Table (3.4) Insurance Products available in Myanmar

Insurance Products	
Non-life	Life
(1) Comprehensive Motor Insurance	(1) Public Life Insurance
(2) Fire & Allied Perils Insurance	(2) Group Life Insurance
(3) Cash in safe insurance	(3) Health Insurance
(4) Fidelity Insurance	(4) Sportsmen Life insurance
(5) Cash in Transit Insurance	(5) Special Travel Insurance
(6) Marine Hull Insurance	(6) Snake Bite Insurance
(7) Marine Cargo Insurance	(7) Farmers' Life Insurance
(8) Personal Accident Insurance	(8) Government Services Personnel Life Insurance
(9) Deposit Insurance	(9) Military Personnel Life Insurance
(10) Credit Guarantee Insurance	(10) seamen Life Insurance
(11) Third-Party Liability Insurance	(11) Shore Job Life Insurance
(12) Miner's Liability Insurance	
(13) Workers' Compensation Insurance	
(14) Personal Accident Insurance for Cooperative Personnel	
(15) Contractors' all Risk Insurance	
(16) Etraction All Risk Insurance	
(17) Machinery Insurance	
(18) Electronic Equipment Insurance	

Source: Myanmar Insurance Association, 2018

With respect to distribution of Gross written Premium by line of products, the following Figure 3.2 illustrates that fire insurance was the largest class of business representing 70.04% of total non-life pre income. Another main non-life line of business was comprehensive motor coverage, which accounted has been gaining popularity, with customers rising from 27,000 in November 2015 to 60,000 in November 2016, according to Myanmar Insurance association.

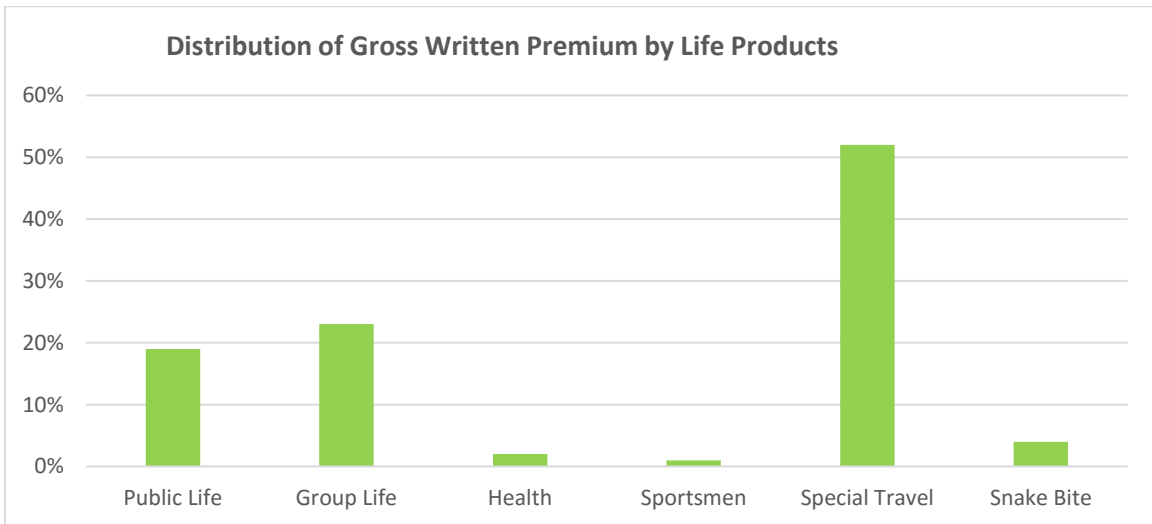
Figure (3.2) Distribution of Gross Written Premium by Non-life Products



Source: Myanmar Insurance Association, 2018

Distribution of Gross Written Premium for Life products is presented in following figure 3.3. Life insurance remains underdeveloped, although each year sees a virtual doubling in premiums, for financial year 2016/17 the amount collected by whole insurance industry was Kyats 21.20billion (US\$ 14.71million, up from Kyats 13.1 Billion (US\$ 9million) in financial year 2015/16.

Figure (3.3) Distribution of Gross Written Premium by Life Products



Source: Myanmar Insurance Association, 2018

As shown in figure 3.3, travel insurance occupies the largest share of Gross Written Premium at 53.22%. It can be said that Myanmar people are more interested in short-term life products. Travel insurance is known as “Special Travel Insurance for Express Ways” which does not cover travel abroad and can be purchased to cover journeys of more than 100km on Myanmar’s road. Special Travel was followed by Group life and Public life.

There is a huge market potential for life insurance products as the number of Life policies for the whole market is only 2,998,060, according to the 2016-17 statistics. Big opportunities lie in the provision of health insurance as it is still underserved by local companies, and there will be opportunities for agriculture insurance as majority of populations live in rural areas and work in agricultural sector. Another potential area is for reinsurance providers who look to offer products that are affordable and suitable for the local market.

Moreover, micro insurance aiming at low- income section of population and the people in remote and rural areas could present significant potential. High mobile penetration in Myanmar can contribute innovative payment mechanism for insurers as Myanmar had a mobile penetration was at 71% according to government counts.

Regarding distribution channels employed by insurance companies, distribution is made through agents or directly with customers. For the time being the agency model will be the key channel for dealing with local customers and preferred way to expand the operations of insurance broker in the market. As many private insurance companies are either owned by banks or part of holding companies, the branches of these corporates are a central distribution channel for insurance products. By law, all property bought with a mortgage must have fire insurance, which is a major advantage for bank-linked insurers. Bancassurance will be the next step insurance companies take to further expand their operations

3.3 System of Third-Party Liability Insurance in Myanmar

Before the Second World War in Myanmar, thirty-nine auto insurance companies accepted and signed the Burmese tariff for the engine to set the premium rate at the same level. The Burma National Insurance Company, from Myanma Insurance, was one of the signatories to the tariff. After independence, the Burma National Insurance Company was nationalized in 1951 and transformed into the Union Insurance Board on March 1, 1952. The Union Insurance Board immediately began to provide auto insurance.

Compulsory Motor Third-Party Liability Insurance was included in Road Traffic Act 1930 in United Kingdom. Compulsory Motor Third-Party Liability Insurance of United Kingdom had been adopted directly in Myanmar before it was revised in 1972 and 1974 respectively. Compulsory Motor Third-Party Liability Insurance is created with the aim of contributing to financial security to a person who deceases, sustains injury or whose property is damaged due to the traffic accident or the negligence of a person (HP, 1998).

No one is to operate a motor vehicle as defined by section 5 in Motor Traffic Act 1964 and section 9 in Motor Traffic Rules 1989 unless the motor vehicle has been registered and inspected. There is no organization in Myanmar which is exempted from third-party liability insurance and no vehicle which is exempted from the payment of premium. The administrative department like the directorate of road transport administration accordingly requires the possessor of a motor vehicle to present Compulsory MTPL Insurance premium payment receipt at the time of renewal registration and inspection of the automobile (Ba Hla, 1966).

Myanma Insurance is an organization which practiced the compulsory third-party liability insurance the earliest among the ASEAN countries. Compulsory Motor Third-Party Liability Insurance Rules was enacted in 1976 and the indemnity for death claim was Kyat 10,000. The indemnity amount was increased to Kyat 25,000 in 1995. The Rules was last revised in 2003 and the indemnity for death claim amounts to Kyat 100,000 and maximum payment for disability is Kyat 80,000 (Than, 2010).

The medical expense is paid in accordance with the proportion of disability recommended by a people's general hospital. By the rules, the scale of indemnities is

fixed and revised by Myanmar Insurance with the approval of the Ministry of Finance and Revenue by notification in the official Gazette. In Myanmar, Third-Party liability can be covered together with Compulsory Motor Third-Party Liability Insurance by rules and Comprehensive Motor Insurance policy sold by Myanmar Insurance. Therefore, the deaths and permanent disability of third-party caused by the insured vehicle under the Comprehensive Motor Insurance Policy can indemnity with the amount of Kyat 1,000,000 for death (Kyat 100,000 by Compulsory MTPL Insurance and Kyat 900,000 by Comprehensive Motor Insurance policy) (Than, 2010).

In Myanmar, motor insurance sector expands and have an interest of policyholders. There are two primary types of motor insurance in Myanmar; these are: third-party insurance and comprehensive motor insurance. Third-Party liability automobile insurance is the Mandatory insurance for all registered vehicles in Myanmar under Third-Party Liability Insurance Rules of 2nd May 2003. According to this law, all vehicles not only from foreign countries entering or a crossing Myanmar but also the vehicles which produce in domestic have to buy Third-Party Liability Insurance. The cover consists of death, bodily injury, to third-party. Vehicle owners can also buy additional covers for other perils by payment of extra premium: Flood, Wind Storm, earthquake, strike, riot and civil commotion, and theft (Than, 2010).

3.4 Compulsory Motor Third-Party Liability Insurance Rules

Third-Party liability insurance is made compulsory out of a desire to protect the public from certain risks, which are becoming more important as the size and power of motor fleets grows. To protect the injured people of the motor-vehicle accidents, the Myanmar government had to establish the rules under the insurance law and implement the relevant insurance systems. The Ministry of Finance and Revenue in exercise of the powers conferred under sub-section 41 of the Myanmar Insurance Law and with the approval in the cabinet meeting 14/2003 held on 2nd May, 2003 by the Government of the Union of Myanmar revised the Compulsory MTPL Insurance Rules. The Compulsory MTPL Insurance Rules (Pyithu Hluttaw Rules No.4 of 1976) are repealed by these rules.

Third-Party Liability Insurance means the insurer takes over the legal liability of the insured to pay an indemnity in respect of death, bodily injury or property damage caused to a third-party by a motor vehicle. According to Compulsory MTPL Insurance Rules, the term motor vehicle embraces a vehicle or machine capable of being driven to move by means of mechanical, electrical or some other power such as a train, vessel, motor vehicle, air craft, tractor, motor cycle, motor bicycle, grader, bulldozer and excavator, roller-machine and crane, etc.

The Ministry of Finance and Revenue has right to set up and assign a requisite body to enable the Myanmar Insurance implement the provisions of these Rules. Myanmar Insurance has the rights to fix and revise the premium rate, rate of indemnity and rate of fine, for the purpose of third-party liability insurance, with the approval of the Ministry of Finance and Revenue.

3.5 Comprehensive Motor Insurance Policy

Comprehensive Motor Insurance started to cover own damage only before 1998 but Comprehensive Motor Insurance covers both own damage and third-party liability later. All private, commercial and public or government-owned registered cars and construction machinery such as dozer, grader, crane and also motorcycle, ambulance, etc can be insured in this policy. Comprehensive Motor Insurance Policy has been sold in foreign currency since 1996 in accordance with the change to market economic system in Myanmar. The underwriting in foreign currency under Comprehensive Motor Insurance Policy is done business with foreign insurance company as a reinsurance program.

World class comprehensive motor insurance policy has been sold in local currency since 1998. Under this policy, the indemnity for death on each third-person and insured was in Kyat 100,000. The indemnity amount for death was increased to Kyat 300,000 in 2008 and Kyat 900,000 in 2009. The indemnity amount for death was increased to Kyat 80,000 and was increased to Kyat 240,000 and 720,000 in 2008 and 2009 respectively. The maximum limit of liability for death, injury and property damage of third-party is the sum of Kyat 15,000,000 in respect of any one occurrence.

The holder of any policy or policies with Myanma Insurance in respect of any other motor car or motor cars will recover the compensation under one policy only, Comprehensive motor insurance premium set by Myanma Insurance was introduced with bouns-malus system (known as no claim bouns) and premium and claim payment are updated modified regularly but only 3% of total registered motor vehicles have been covered by this policy because of height premium rate.

3.6 Premium and Claim payments of Third-Party Liabilities and Comprehensive Motor Insurance

Third-Party Liability insurance is a part of the general insurance system of risk financing to protect the purchaser (the "insured") from the risks of liabilities imposed by lawsuits and similar claims. It protects the insured in the event is sued for claims that come within the coverage of the insurance policy. The modern system relies on dedicated carriers, usually for-profit; to offer protection against specified perils in consideration of a premium. Liability insurance is designed to offer specific protection against third-party insurance claims, i.e., payment is not typically made to the insured. In general, damage caused intentionally as well as contractual liability is not covered under liability insurance policies. Motor vehicle insurance law is governed by the Motor Vehicles Act, Insurance Act and aspects of insurance contracts governed by the Contract, Transfer of Property Act and a few others. Motor vehicle insurance is the insurance coverage of the risk of third-party arising out the use of motor vehicle and also for covering the risk of damage caused to the vehicle. Taking insurance policy for coverage of certain risks is made compulsory and coverage for other risks is optional at the instance of the owner. Accordingly, motor vehicle insurance policies can be divided into two, namely, compulsory insurance policy (Act policy) and comprehensive policy.

Table (3.5) Third-Party Liabilities and Comprehensive Motor Insurance (from 2007-08 to 2016-17)

Fiscal Year	Third-Party Liabilities and Comprehensive Motor		
	Premium income	Claim	Percentage
2007-08	812.25	132.69	16.33
2008-09	1329.53	152.01	11.43
2009-10	1015.78	169.88	16.72
2010-11	1261.00	141.92	11.25
2011-12	3441.20	454.82	13.21
2012-13	8315.91	597.61	7.18
2013-14	5985.50	1111.34	18.56
2014-15	8423.73	1110.12	13.17
2015-16	7132.37	895.10	12.54
2016-17	19863.36	1090.27	5.48

Source: Myanmar Insurance Annual Report Book

Third-Party Liability Insurance was provided by law and implemented on July 1, 1976. It is an insurance system that the liability for death or bodily injury or property damage caused to any other person in the event of an accident occasioned by arising out of the use of the vehicle is transferred to Myanma Insurance on behalf of the vehicle of the owner. The premium rating and the compensation amount are updated on August 1, 2016. The update premium rating may be different depending on the loaded passengers and the weight of vehicle (Tons). The premium is Kyats 5000.00 for minimum and Kyats 10000.00 for maximum for private vehicle. The premium is Kyats 10000.00 for minimum and Kyats 15000.00 for maximum for commercial vehicle. The update maximum compensation amount is as follows: For death caused to any other person Kyats 1,000,000.00, for bodily injury caused to any other person Kyats 800,000.00 and for property damage caused to any other person Kyats 500,000.00.

From the year 1997, the cross-border area (Myawady, Muse and Tachilek) has implemented Third-Party Liability Insurance with the updated the premium rating in order to get coverage for Myanmar people if the loss caused to them in the event of an accident occasioned by arising out of the use of the vehicles from the other boundaries entering into Myanmar.

CHAPTER IV

ANALYSIS ON SURVEY RESULTS

4.1 Survey Design

The analysis of challenges for the development of comprehensive motor insurance in Myanmar and consumer behavior is based on what consumers think about the comprehensive motor insurance and their opinion on the comprehensive motor insurance. The survey was done on key respondents who are bought the comprehensive motor insurance by simple random sampling method in Yangon in which most of the respondents who have the awareness and willing to buy the comprehensive motor insurance lived in.

Among the respondents who have 210,000 and above bought comprehensive motor insurance in Myanmar than other category level because they want to get coverage for both life and financial. This study analyzed 200 persons of the respondents who are the insurance buyers. This reach is analyzing the condition consumer attitude towards comprehensive motor insurance in Yangon.

As a sampling method, the random sampling was employed in this study. The random sampling technique is used in this research paper to approach the respondents and collect the data on time and also to avoid low response rate. In the process of sampling, 200 questionnaires are distributed by hand and @ mail to selected comprehensive motor insurance buyers and enough time given to respondents to fill the questionnaire to reduce sampling error. After doing analysis and coding for the collected date, the researcher will be evaluated the investigated information based on the data got from respondents. Descriptive research is utilized to analyze the collected date including frequency analysis, validity and probabilities.

Determination of Sample Size

The following formula, Yamane (1973) was used for sample size determination.

$$n = \frac{N}{1 + N(e^2)}$$

n = Sample Size

N = Total Number of Comprehensive Insurance buyer (210,000) (Source: MIA)

e = Error (0.1) (e = 0.1 means 90% level of significant)

From above vales sample size “n” was calculated as follow:

$$n = \frac{N}{1 + N(e^2)}$$

$$n = \frac{210,000}{1 + 210,000(0.1)^2}$$

$$n = 99.95$$

Therefore, the required total sample at the survey area is 99.95 and however, 200 insurance buyers were selected for this study to cover the potential incomplete and missing answers.

4.1.1 Study Area

The researcher selected the Yangon because, in this area, the number of people who own the car is more than others area. Moreover, many people have the knowledge and awareness on comprehensive motor insurance live here. Therefore, Yangon is chosen to collect the survey data.

4.1.2 Questionnaire Design

A structured questionnaire **as attached in Appendix 3**, is measuring the dimensions of service quality is used for primary data collection. In addition, secondary data and information are collected through published sources in order to validate the results of quantitative analysis. Questionnaires of this exploratory research consist of 2 parts. Part A is about gender, material status, age, education, occupation and income level. Part B consists of factors of buying comprehensive motor insurance

4.2 Demographic Characteristics of the Respondents

The study of demographic characteristics is also important. Therefore Gender, Education background, Age and Occupation are needed to be studied. This section was provided data of demographic information from the questionnaires which was interpreted and summarized in frequency distribution and percentage distribution. The frequency analysis of the respondent's demographic data is illustrated in the following tables.

4.2.1 Number of Respondents by Gender

The respondents are not only males, but also females. This information is shown in the following table. Most of the respondents are male that is 73.5% and the rest is female that shows 26.5%. At the time of the survey, the number of male respondents is more than female because the habit of the driving car of a male is more than a female's habit.

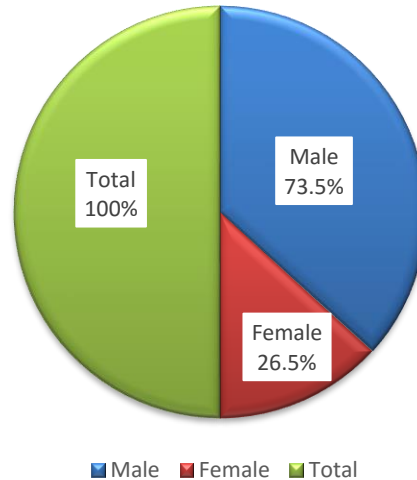
Table (4.1) Number of Respondents by Gender

Gender	Number of Respondents	Percentage
Male	147	73.5
Female	53	26.5
Total	200	100

Source: Survey data, 2019

Figure (4.1) Number of Respondents by Gender

Number of Respondents by Gender



A pie chart of respondent’s classification by gender of respondents is shown in Figure 4.1.

4.2.2 Number of Respondents by Age Group`

Age distributions of the respondents have an effect on influencing factors to buy motor insurance. The age of respondents is divided into four categories. They are Under 25, 25-34 years, 35-44 years and 45-54 years. Table (4.2) show the frequency distribution of age in the survey period.

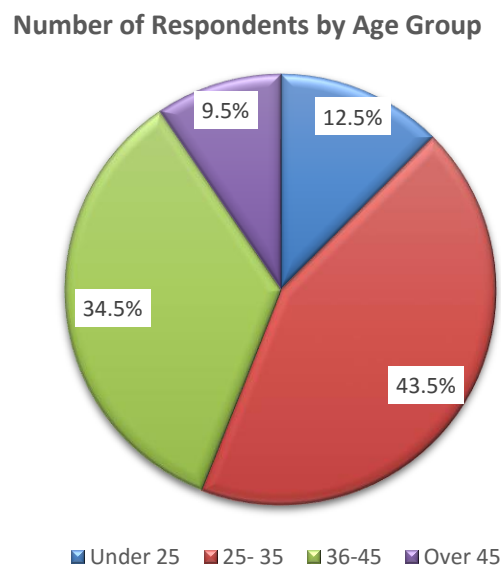
Table (4.2) Number of Respondents by Age Group

Age	Number of Respondents	Percentage
Under 25	25	12.5
25- 35	87	43.5
36-45	69	34.5
Over 45	19	9.5
Total	200	100

Source: Survey data, 2019

As shown in Table (4.2), the sample consists of 25 (12.5%) Under 25, the sample consists of 87 (43.5%) 25-34 years old, the sample consists of 69(34.5%) 36-44 years old, the sample consists of 16 (13%) over 45 years. So, the total sample consists of 200 (100%) of Respondents by Age group. All the respondents were the consumers of comprehensive motor insurance who live in Yangon Respondents that age between 25 to 35 years are really bought and interested in the product because respondents have well knowledge about motor insurance and they believe that they should buy the comprehensive motor for saving the risk of the car accidents.

Figure (4.2) Number of Respondents by Age Group



A pie chart of respondents' classification by age of respondents is shown in Figure 4.2.

4.2.3 Number of Respondent by Education Status

The researcher compromised with four main sectors for this questionnaire. There are four categories for educational status in questionnaire: under graduated, graduated and post graduated and others. Others include diploma, certificate and etc. These are shown in Table (4.3).

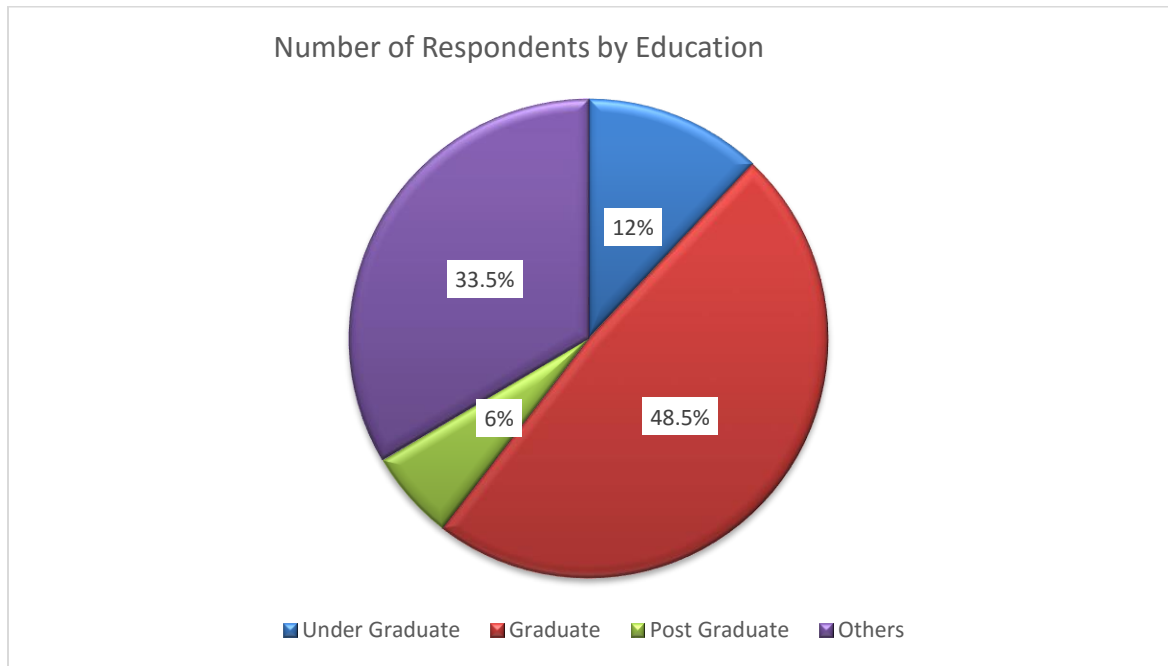
Table (4.3) Number of Respondents by Educational level

Education	Number of Respondents	Percentage
Under Graduate	24	12
Graduate	97	48.5
Post Graduate	12	6
Others	67	33.5
Total	200	100

Source: Survey data, 2019

According to the table (4.3), most of the respondents who are the graduate are 48.5% (97 of 200). The second-largest amount of the respondents who are the diploma and certificate is 33.5 % (67 of 200). According to the survey results, the people who got the graduate believe that comprehensive motor insurance should be bought and it is the best way to restrain the risks of car accidents and other depletion.

Figure (4.3) Number of Respondents by Educational level



A pie chart of respondents' classification by education of respondents is shown in Figure 4.3.

4.2.4 Number of Respondent by Occupation Status

In this section, the occupational statuses are classified by six types which are Government employee, Company staff, Own business, Dependent, and Students.

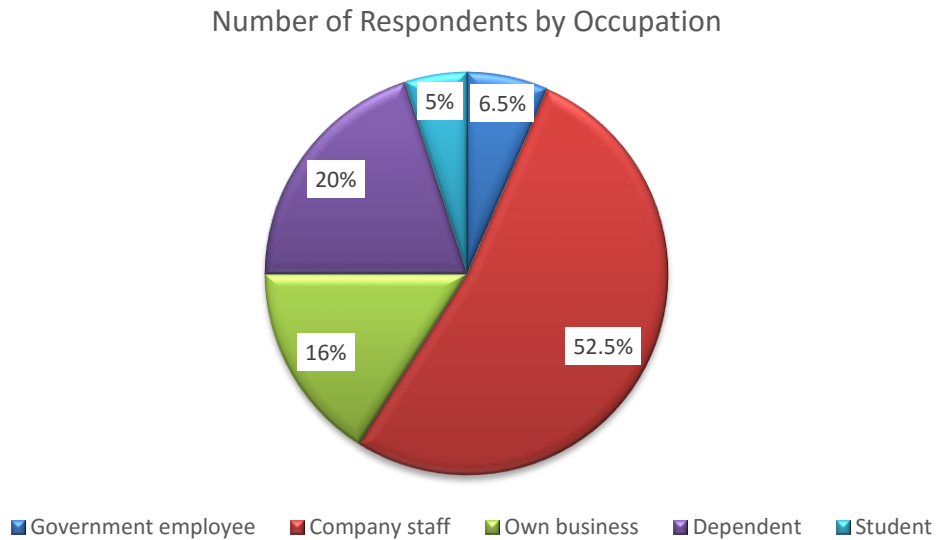
Table (4.4) Number of Respondents by Occupation

Occupation	Number of Respondents	Percentage
Government employee	13	6.5
Company staff	105	52.5
Own business	32	16
Dependent	40	20
Student	10	5
Total	200	100

Source: Survey data, 2019

According to the results, the respondents who prefer to buy comprehensive motor insurance are company staff with 52.5%, 105 of 200. In addition, the females who dependent and prefer to buy comprehensive motor insurance are 20%, 40 of 200. Moreover, the own businessmen who have bought the comprehensive motor insurance are 16%, 32 of 200 and the government employees are 6.5 %, 13 of 200 and the less one is the students who are willing to pay for the premium of comprehensive motor insurance is 5%. 10 of 200.

Figure (4.4) Number of Respondents by Occupation



A pie chart of respondents' classification by Occupation of respondents is shown in Figure 4.4.

4.2.5 Number of respondents by income level

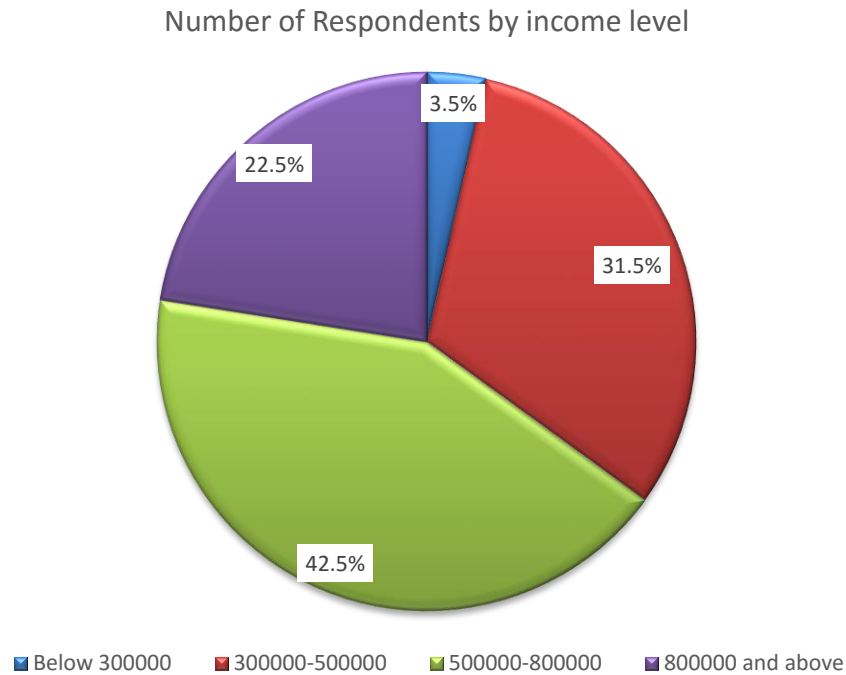
Table (4.5) Number of Respondents by Income Level

Income (MMK)	Number of Respondents	Percentage
Below 300000	7	3.5
300000-500000	63	31.5
500000-800000	85	42.5
800000 and above	45	22.5
Total	200	100

Source: Survey data, 2019

According to table (4.5), the respondents who earned income between Kyats 500000 and 800000 are the highest percentage of the total respondents with 42.5%. Therefore, most of the respondents who bought comprehensive motor insurance are high-income level.

Figure (4.5) Number of Respondents by income level



A pie chart of respondents' classification by income level of respondents is shown in Figure 4.5.

4.2.6 List of the Insurance Firms that the respondents purchase from

Table (4.6) List of the Insurance Firms which are the most respondents purchase from

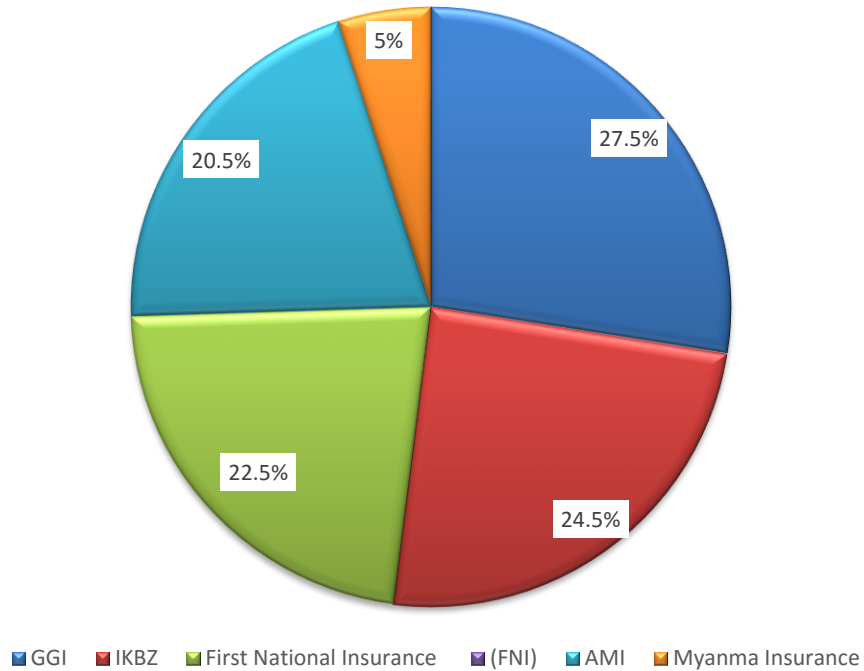
Name of the Insurance Firm	Number of Respondents	Percentage
GGI	55	27.5
IKBZ	49	24.5
First National Insurance (FNI)	45	22.5
AMI	41	20.5
Myanma Insurance	10	5
Total	200	100

Source: Survey data, 2019

According to the table (4.6), most of the respondents who bought the comprehensive motor insurance from the GGI with 27.5 % and the second-largest amount of the respondents are bought the comprehensive motor insurance from IKBZ with 24.5 %. The third-largest respondents are bought car insurance from First National Insurance (FNI) with 22.5%. Among them, the respondents who bought the car insurance from Myanmar Insurance are the lowest amount of the total respondents, 200 with 5% and most of the respondents are bought from GGI because they satisfy the services compared with the other companies.

Figure (4.6) The Insurance Firms which are the most respondents purchase from

Insurance firms that the most respondents purchase from



A pie chart of respondents purchased the comprehensive motor insurance from the insurance firms as shown in Figure 4.6.

4.3 Analysis on the respondents's satisfaction of comprehensive motor insurance

The following information with table shows the respondents ' opinion of the comprehensive motor insurance.

4.3.1 Number of respondents by satisfaction

The following table shows the number of respondents with satisfaction. According to the result, the respondents who satisfy with the comprehensive motor insurance are more than the respondents who do not satisfy with the comprehensive motor insurance. This result shows that the people who bought the comprehensive motor insurance are satisfied with this insurance.

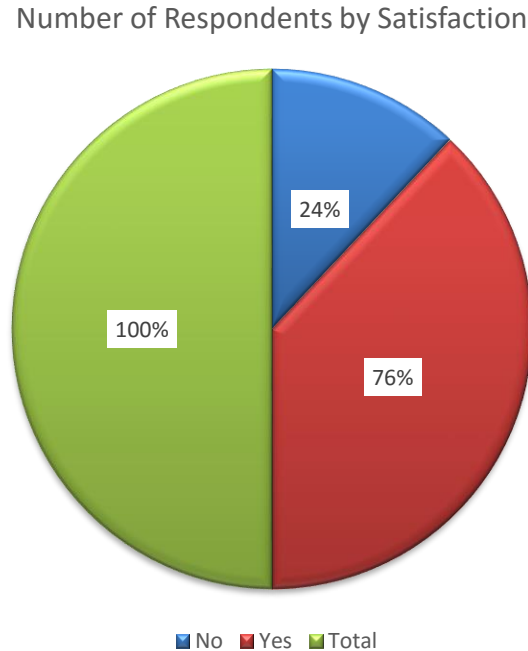
Table (4.7) Number of respondents by satisfaction

Satisfaction	Number of Respondents	Percentage
No	48	24
Yes	152	76
Total	200	100

Source: Survey data, 2019

In accordance with the results, most of the respondents are satisfied with the comprehensive motor insurance and these respondents gave the reason that the current premium amount and compensation are reasonable and they do not willing to pay more premium and also do not willing to claim more compensation amount In addition, some of the respondents are not satisfied with the comprehensive motor insurance because these respondents are willing to claim more amount of compensation but they are not willing to pay more premium amount.

Figure (4.7) Number of Respondents by satisfaction



A pie chart of respondents' classification by satisfaction of respondents is shown in Figure 4.7.

4.3.2 Number of respondents by Intention to Pay Increased Premium

Table (4.8) shows the information which indicates the respondents who are willing to pay more than currently or not. The percentage of the respondents who are willing to pay no more than currently is 55 % which shows that the highest percentage among the other respondents. In addition, the second- largest percentage is 24.5 % which shows the respondents who are willing to pay 5 more times than now and the third-largest one is 13 % which demonstrates the respondents who are willing to pay 10 more times than now. Moreover, the smallest one is 7.5 % which indicates the respondents who are willing to pay 15 more times than now. There is no one who wants to more 20 times than now.

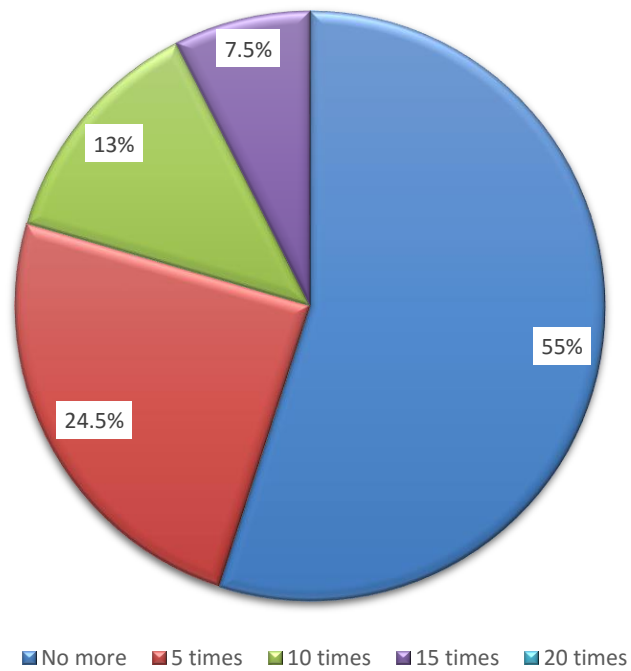
Table (4.8) Number of respondents by Intention to Pay Increased Premium

Intention to Pay Increased Premium	Number of Respondents	Percentage
No more	110	55
5 times	49	24.5
10 times	26	13
15 times	15	7.5
20 times	0	0
Total	200	100

Source: Survey data, 2019

Figure (4.8) Number of Respondents by Intension to Pay Increased Premium

Number of Respondents by Intention to Pay Increased Premium



A pie chart of respondents' classification by opinions to increase premium amount is shown in Figure 4.8.

4.3.3 Analysis on the number of respondents by intention to increase Death Claim Amount

Table (4.9) Number of Respondents by Intention to Increase Death Claim Amount

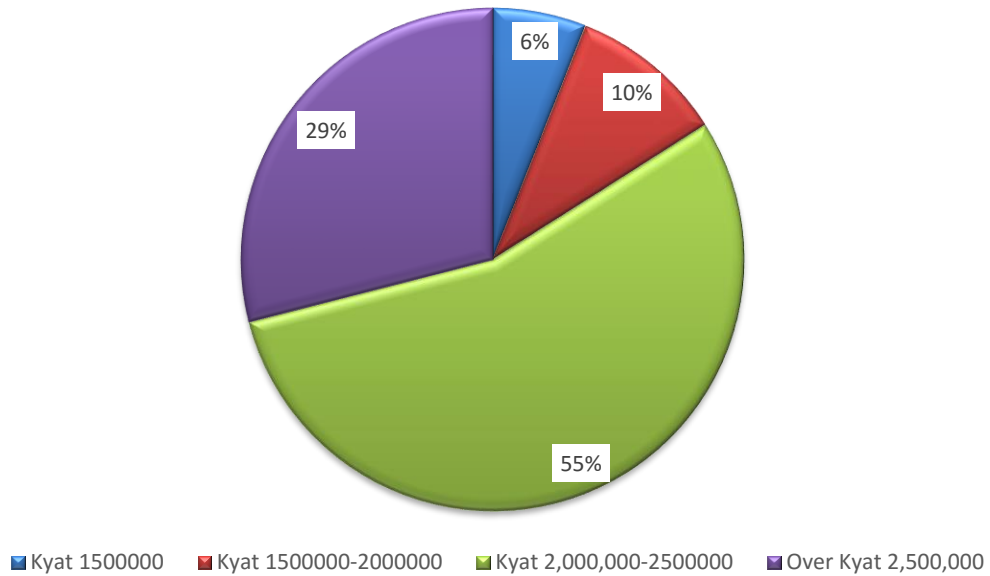
Death Claim Amount	Number of Respondents	Percentage
Kyat 1500000	12	6
Kyat 1500000-2000000	20	10
Kyat 2,000,000-2500000	110	55
Over Kyat 2,500,000	58	29
Total	200	100

Source: Survey data, 2019

There are not only respondents who want to pay an increased premium but also respondents who want to claim increased death claim amount. As stated in the table (4.17), most of the respondents are claimed between 2000000 and 2500000 for death that is mentioned with 110 respondents, 55 % of the total sample. By the table, the respondents who claimed amount for death of Kyats over 2,500,000 for death that is shown with 58 respondents, 29 % of the total respondents. According to the results, most of the people who bought the comprehensive motor insurance want to increase the death claim amount between Kyat 2000000 and 2500000.

Figure (4.9) Number of Respondents by Intension to Increase Death Claim Amount

Number of Respondents by Intension to Increase Death Claim Amount



A pie chart of respondents’ classification by opinions to increase death claim amount is shown in Figure 4.9.

4.3.4 Analysis on the number of respondents by Intention to Increase Injury Claim amount

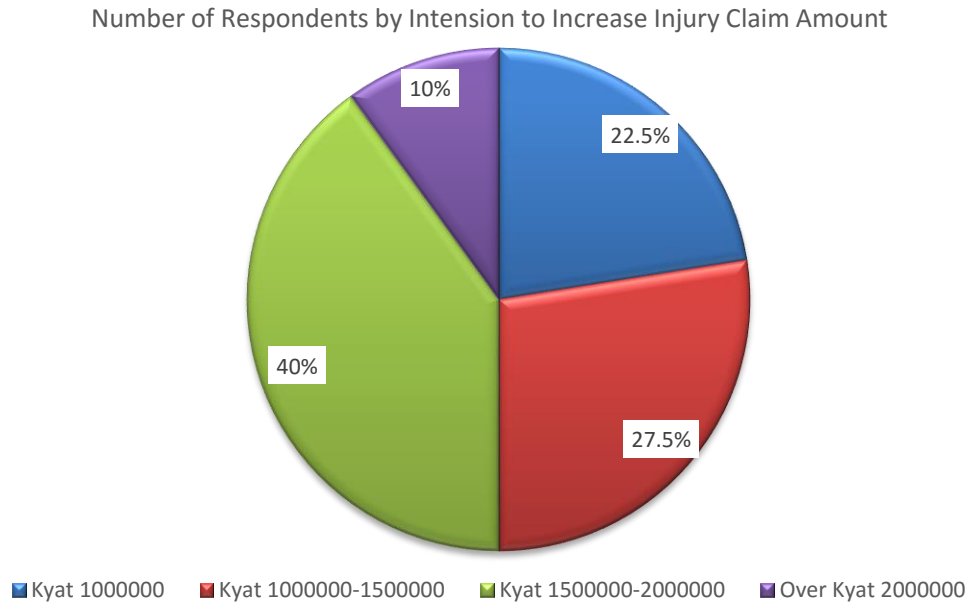
Table (4.10) Number of Respondents by Intention to Increase Injury Claim Amount

Injury Claim Amount	Number of Respondents	Percentage
Kyat 1000000	45	22.5
Kyat 1000000-1500000	55	27.5
Kyat 1500000-2000000	80	40
Over Kyat 2000000	20	10
	200	100

Source: Survey data, 2019

According to the table (4.18), most of the respondents are willing to increase the injury claim amount of between Kyat 1,500,000 and 2,000,000 and some of the respondents are willing to increase the injury claim amount to more than Kyat 2,000,000.

Figure (4.10) Number of Respondents by Intention to Increase Injury Claim Amount



A pie chart of respondents' classification by opinions to increase injury claim amount is shown in Figure 4.10.

4.3.5 Analysis on Respondents' condition of the Renewable procedure

Table (4.11) Respondents' condition of the Renewable procedure

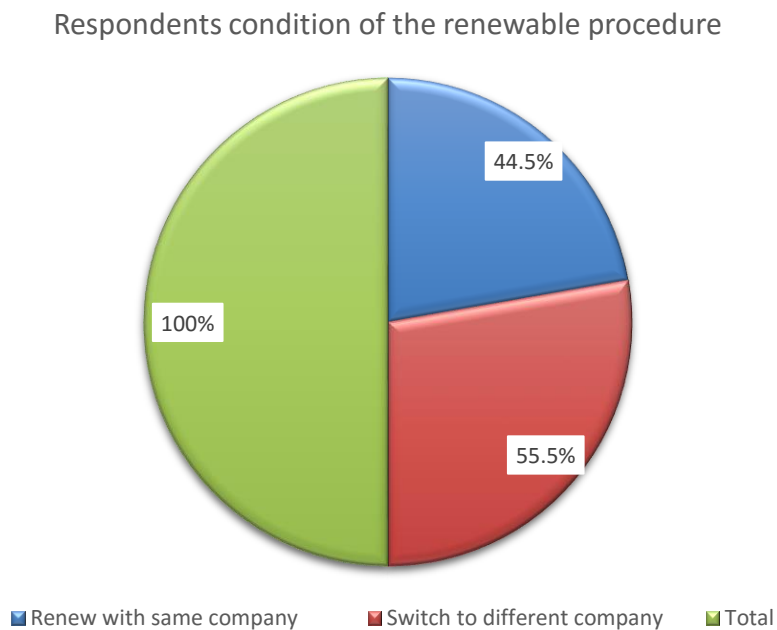
Renewal procedure	Number of the Respondents	Percentage
Renew with same company	89	44.5
Switch to different company	111	55.5
Total	200	100

Source: Survey data, 2019

According to the table (4.19), Most of the respondents are willing to do the renewable procedure the different companies and it is mentioned with the 55.5% of the total respondents and some of the respondents who are willing to do the renewable procedure with the same company and it is mentioned with the 44.5 % of the total sample, 200. Due to the avoiding of the punishment from the same company, most of the respondents who bought the comprehensive motor insurance willing to do the renewable process with the different companies.

At present, the respondents are no chance to change the renewable process from one firm to another firm because the firm that is the original firm will tend to inform the information of the purchaser that defaults to load premium and got one time of the claim by email and another way of sharing the information. That is why no people can change to a renewable process from the old firm to a new one.

Figure (4.11) Respondents' condition of the Renewable procedure



A pie chart of respondents' classification by opinions to increase injury claim amount is shown in Figure 4.11.

4.4 Overview of Comprehensive Motor Insurance in Myanmar

According to the data from MIA (2017-2018), there have been many insurance companies since and after independence, most were foreign companies, with only two national-owned companies. By 1952, the state had established a federal insurance system and started life insurance. In 1957, fire, life and General insurance coverage was started.

In 1964, all insurance companies, including banks, were involved in the takeover of the country, and foreign insurance companies were suspended and the Union Insurance System was dissolved and formed the Myanmar Insurance Corporation. State-owned factory; The Myanmar Insurance Corporation continued to operate the fire insurers, and the workers and military personnel were kept alive. All vehicle insurance is accepted as optional. In 1976, the Pyithu Hluttaw Rules No (4) introduced the Compulsory Insurance Law, which introduced the Compulsory Insurance System for all motor vehicles in Myanmar. UN agencies Myanma Insurance provides full insurance coverage of US \$ / FEC vehicles from foreign investors. Myanma Insurance has not been able to provide foreign currency directly, so the MOU signed an agreement with foreign insurance companies to provide full insurance coverage for foreign vehicles. Companies are now providing full vehicle insurance.

Currently, Myanmar has also allowed the import of vehicles to import imported products under an open economic policy. As a result, the number of vehicles increased. The number of used car buyers has grown, and now the number of vehicles is more than 700,000. As the number of vehicles increases, there is a lot of traffic congestion. Car accident Accidents are also increasing. According to the statistics of the department, in 2017 Traffic accidents in states and divisions A total of 18,171 accidents were reported, 20,290 were injured and 5,250 were killed.

The damage to the vehicle can be calculated but the value of injuries to the injured body and life of dead may not be estimated. In developed countries, insurance companies are responsible for compensating for such damages. Among numerous insurances, Comprehensive motor insurance is a compulsory insurance in many countries.

In Myanmar, comprehensive motor insurance is classified as optional. It depends on Vehicle Owner but Third-Party liability insurance is compulsory. In addition, The Yangon Region government has instructed all vehicles which can carry more than two tons must to have comprehensive motor insurance due to increasing accident rate day to day. In 2007, a total of 2,250 people was killed in car crashes, with 14 deaths a day and 20,290 injuries, with 55.6 deaths a day (MIA 2007).

Some opportunities to grow the comprehensive motor insurance in Myanmar are also studied as follows: Market potential: No one can deny that Myanmar comprehensive motor insurance market is developing rapidly. According to KPMG,” the Banking and Financial services Sector in Myanmar 2013”, general insurance premium of Myanmar was estimated at USD 32.6 million in 2012, and it was projected to grow by 16.1% per annum (2014-2024). Unlike international market, Myanmar life insurance premiums in 2013 were estimated.

Low Penetration Rate: Low penetration rate and density is paying the way to progress market potentials for Myanmar population of 52 million as of March 2018 and for foreign players who are interested in Myanmar insurance market.

Liberalization of Insurance Sector: Myanmar government has a strong political – will to liberalize insurance sector by allowing foreign insurance companies to enter local market. The comprehensive insurance liberalization plan has been drafted and approved by cabinet. The comprehensive liberalization action plan is to be officially announced once the selection criteria are well set by the selection committee. Foreign insurers, brokers, and loss adjusters will be guaranteed license to transact their business in domestic market.

Formation of MIA: With the aim of expending insurance business locally and abroad and cooperating between insurance companies, Myanmar Insurance Association (MIA) was established and its grand opening ceremony was officially celebrated on January 15, 2018. MIA will contribute to the long-term and sustainable development of Myanmar Insurance industry which will give a single insurance bloc comprising local and foreign insurer’s intermediaries and stakeholders, MIA can operate as a main channel

of communication between government organization and private comprehensive motor insurance sector and carry out communication between Myanmar insurance companies and international insurance industry.

4.5 Current challenges of Comprehensive Motor Insurance in Myanmar

One of the most challenging is lack of public awareness. Large number of Myanmar's 52 million people remain financially unprepared for their future, particularly when it comes to unexpected condition and the possible loss of financial earners in families. A major issue facing insurance companies in Myanmar is a lack of public awareness. Overall financial literacy remains low, hampered by limited access to financial services and education. In addition to low public awareness, another challenge is lack of competition: The expansion of the market is also challenged by a lack of competition as all private insurance companies are currently required to apply premium rates. This results in a non- competitive landscape that limits potential product availability, lack of product innovation and possible unprofitability for insurance companies.

Moreover, shortage of skilled professionals is also requirement factors: Human resources are significant challenges to the growth of the industry. Staffing remains problematic, given the importance of insurance training understanding and competency necessary to sell, manage and administer policies. Just as financial literacy remains low access to the human capital needed to operate an insurance business is limited, requiring significant. In addition to the next challenge is insufficient In- house actuarial expenses: The products in the market which were designate of the decades ago are so old and outdated that they cannot meet with today's consumer's meet. In recently outdated products. Myanmar currently has no in – house actuarial expertise to introduce new products for its pricing process.

And also, the lack of collaboration is one factor to consider developing the comprehensive motor insurance. To get deep insurance awareness for the people, it surely needs to make some legal framework in the collaboration with other government

agencies/ministries. And insurance awareness and financial services education programme are also required to go to the people.

Shortage of Resources is another determinant to develop the comprehensive motor insurance: The overall lack of experience, technical know-how and capital for many domestic insurance firms is hampering the growth of the industry and the opportunities to provide financial umbrella to families. That results in insurance companies struggling with an inability to scale their business and provide adequate products to cover consumers. And the last challenge to develop comprehensive motor insurance is international best practices, the Myanmar insurance industry has been isolated from international insurance arena for several decades. It has affected Myanmar insurance industry to meet many global standards in the insurance sector. And another challenge is that if something goes wrong, the person who bought the insurance must first contact the insurance company. In the event of a breach, the person who bought the insurance must wait until the employee arrives. After that, they have to get the approval of the police, and they have to go to the police office and certify by a doctor if necessary.

CHAPTER V

CONCLUSION

Comprehensive Motor Insurance System is one of the most critical protections to provide the citizens. The primary factor to raise awareness and bring the premium at an affordable price as higher risks uplift the premium. This can also affect people who need to know more about comprehensive motor insurance and increase the influence of this obligation.

At present situation, as the number of vehicles is increasing, traffic accidents have also increased. Insurance companies are also receiving claims more year on year. The revenue and operating ratio of all automobiles is also high. According to some insurance companies, premiums and indemnities are increasing from 65% to 70%. Staff Salary and General Costs; The fund is struggling to make ends meet and the business is struggling.

In the sense of insurance, there are fewer insurers in the risk sharing and more compensation for losses will be difficult in the long run. Internationally, automobile insurance is a risk-averse business. It is found that other investments (for example, stocks and loans) stand out. It is not possible to invest in Myanmar alone because it is not yet available in Myanmar. In addition, due to the No Fault system and the Knock for Knock system are implemented, the original companies operating the insurance system suffered losses. If all vehicles have a comprehensive insurance system, insurance companies can reduce the coverage. A car worth 10 million Kyats and its premium only costs about 100,000 Kyats a year. There is only one percent of the vehicle price. Premiums for car damage, injury, death, third-party liability is not much for the vehicle owner. Thus, this type of insurance that should be bought by everyone who owns the vehicle.

It is thought that there should be a clear law to prevent the loss of property such as car accidents; The death toll from the accident, Injured people. Only then can any claim be made in the event of an accident. It will arrive in the settlement of social problems. For large losses, it is difficult for a driver to compensate, it must also be understood that reducing road crash rates will not be easy in a traffic environment with a high traffic

growth, high number of less protect vehicles such as motorcycles, under resourced traffic policy function. A large proportion of the vehicle fleet with steering wheel on the wrong side and increasing speed of moving vehicles.

Community awareness on the improved safety needs such as, road design, vehicle condition, driver skill and condition, car occupation safety and pedestrian behavior can be obtained by improving the system of comprehensive motor insurance in Myanmar. As efforts are being made to reduce the death, injury and the economics losses caused by road traffics accident, and so the victims can be remedied by providing sufficient compensation to some extent. Therefore, these should be implemented as a matter of urgency for the development of comprehensive motor insurance system.

5.1 Findings

According to the analysis, most of the respondents who bought the comprehensive motor insurance are male and the educational status are the graduate who known about the knowledge of the comprehensive motor insurance and most of the respondents are between 25 and 35 years who are considered and well knowledge aged people. In addition, most of the respondents who are willing to purchase comprehensive motor insurance is worked in company fields and they are sharing the knowledge among their environment and also most of them are high-income earner (Kyats 500000-800000). Moreover, the best-known firm the respondents purchased the comprehensive motor insurance is the GGI (Grand Guardian Insurance), which was founded since 2013.

The respondents who satisfied with the purchase of comprehensive motor insurance are more than the respondents who do not satisfied and most of the respondents are not willing to pay attention to increase premium and they satisfied with the current amount of the premium.

In the analysis of the satisfaction by gender, most of the male are more satisfied than females and the aged between 25 and 35 years old aged are satisfied with the

purchase of comprehensive motor insurance than others. Also, the graduate respondents are more satisfied with the car insurance than other educational status and the company staff are more satisfied amount than another occupational status. Moreover, most of the respondents are not willing to pay the intention to increase the amount of the premium and satisfied with the current amount of the premium, one percent of vehicle value per year. However, the people who bought the comprehensive motor insurance are willing to claim more amount than now, death claim amount, 1,000,000 and injury claim amount, 800,000. This is not amazing the situation of the human being, the more they get, the more they feel happy.

Awareness regarding about the policies, terms and conditions, procedures, vehicle declaration value, settlement procedures, etc. In this study found that most of the customers are usually looking towards the service offered by the company to the customers, their mindset is on the basis of promotional activities of the company and they usually demand for promotional activities in terms of advertising which is less when compared to other competitive companies. Through Effective advertisements the customers can recognize the company and can be able to know about the new policies imposed by the company. But when it comes to price of the policies offering to the customers is competitively at low price when compare to other insurance companies.

The challenges face in providing comprehensive motor insurance services in Myanmar is caused by the following factors which have been arranged in order of their priorities: lack of integrity from some clients, weak regulation and use of outdated rules as well as limited market information which were interpreted as the important challenging factors or factors challenging much motor insurance service offered in Myanmar. High market risk, shortage of highly qualified worker, limited public awareness and unstable market were rated moderated and interpreted as the moderate important challenging factors or factors with little challenging power in provision of motor insurance service in Myanmar. Less competition, complex claim procedure and unrealized police report were found to be less important challenging factors or factors with very little challenging power. It was found that four factors among other identified challenges face in Myanmar and these were lack of government support, less

competition, shortage of highly qualified worker as well as weak regulation and use of outdated rules.

The respondents were concentrating on factors like service and only few respondents were looking towards publicity of the Insurance Company. Most of the policy holders would like to get a call for renewal of Insurance policy from the Insurance Company during the expiry date of insurance policy. In the study it was found that respondents are not satisfied with the claiming procedure during the time of settlements, they are expecting the company to provide claim settlements through within a short span of time.

5.2 Suggestions

It may be a useful analysis of the current challenges, premiums and compensations will enable the department concerned to fulfill the development of the comprehensive motor insurance system in Myanmar.

Insurance companies should regularly provide refresher training on insurance services to their employees and / or staff, as well as how to deal with customer complaints and inquiries as well as how to inspire quality assurance and are more reliable for comprehensive motor insurance policy.

Policy makers in the country should review existing insurance rules and regulations to ensure that the auto insurance sector is immune to the challenges seen in this study. By developing regulations and raising public awareness of the important and evolving role of the insurance sector.

The increasing number of frauds and the growing degree of risk are forcing insurance companies in Myanmar to regularly review their insurance policies, incorporate controls and use new and advanced technologies to avoid fraud. However, detecting and managing fraud should be a proactive process, which includes identifying suspicious claims that are likely to be fraudulent, using computerized statistical analysis.

It is better to develop the agents of the company when it comes to providing customers with clear information on insurance policies likely to improve their knowledge. By creating awareness by publishing brief information about auto insurance and the terms of the policy that the company offers to customers and policyholders through television advertising, banner advertising, trade magazines, magazines and commercial posters, etc. and provides clear information about their facilities, premium rates and service facilities.

Standardize the level of service by providing specific implementing regulations for proper claim settlements within the specified time frame and updating new services to customers through advertisements, online and through agents who should avoid unethical practices during the inspection period. To impose new schemes of insurance policy in terms of offering bonus to the loyal policy holders such as bonus in the form of extended period of insurance policy, carry forward insurance policy scheme at less price.

It is recommended that the insurance company be responsible for paying for such losses, which will be of great benefit to the public so that the system should be fully insured. If comprehensive motor insurance in Myanmar is to be enforced as mandatory, Affordable Premium Rate according to the current time can be classified taking into account the manufacturing year of vehicle, the value of the car, driving /used conditions of vehicle, valid driver's license, history of car crash with insurance from the owner of the vehicle. Second, it should be noted that there are other issues that should generally be considered in accordance with the current injury and death compensation system.

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Myanma Insurance

List of branch offices their situated places

No.	Office	No.	Office
1	Kachin State (Myitkyina)	20	Bago Division (Bago)
2	Kayah State (Loikaw)	21	Pyay District (Pyay)
3	Kayin State (Hpa-an)	22	Taungoo District (Taungoo)
4	Myawaddy District (Myawaddy)	23	Tharrwaddy District (Tharrwaddy)
5	Chin State (Hakha)	24	Mandalay Division (Mandalay)
6	Mon State (Mawlamyine)	25	Meiktila District (Meiktali)
7	Thaton District (Thaton)	26	Myingyan District (Myingyan)
8	Rakhine State (Sittwe)	27	Kyaukse District (Kyaykse)
9	Thandwe District (Thandwe)	28	Nay Pyi Taw (Pyinmana)
10	Shan State (Southern Shan, Taungyi)	29	Yamethin District (Yamethin)
11	Kyaington District (Eastern Shan, Taunggyi)	30	Magwe Division (Magwe)
12	Lashio District (Northesn Shan, Lashio)	31	Pakokku District (Pakokku)
13	Muse District (Muse)	32	Thayet Dustrict (Thayet)
14	Tachileik District (Tachileik)	33	Ayeyarwaddy Division (Pathein)
15	Sagaing Division (Monywa)	34	Myaungmya District (Myaungmya)
16	Sagaing Division (Sagaing)	35	Pyapon District (Pyapon)
17	Shwebo District (Shwebo)	36	Hinthada District (Hinthada)
18	Tanintharyi Division (Myeik)	37	Maubin District (Maubin)
19	Dawei District (Dawei)	38	Southern Yangon District (Thanlyin)

Source: Myanma Insurance

Appendix 2

Representative Offices in Myanmar (Insurers)

Country	Life	General	Compounds	Total
Japan	(1) Dai Ichi life Holding	(1) Mitsui Sumitomo Insurance		5
	(2) Taiyo life Insurance Co., Ltd	(2) Sampo Japan Nippon Kao Insurance Inc		
		(3) Tokio Marine & Nichido Fire Insurance		
USA	(1) MetLife Asia Co., Ltd	(1) Chubb INA International Holding Ltd		2
Germany		(1) Allianz Global Coporate & Speciality SE		1
ROK			(1) Dongbu Insurance	1
India			(1) The New India Assurance Co., Ltd	1
Singapore	(1) Great Eastern Life Assurance Co., Ltd			1
Thailand	(1) Maung Thai Life Assurance Public Co., Ltd	(1) Maung Thai Insurance Public Co., Ltd		3
	(2) Thai Life Insurance Public Co., Ltd			
Hong Kong	(1) Manulife Financial Life insurance Co., Ltd			2
UK	(1) Preudential Holdings Ltd			1
Taiwan	(1) Shin Kong Life Insurance			1
Total	10	6	2	18

Source: Myanma Insurance Association, 2018

Appendix 3

You are kindly request to answer the following questions as much as you can at the earliest possible time so that the research on Challenges for the development of Comprehensive motor insurance in Myanmar can be made.

Part A

Vehicle Registration Number	
Private/ Commercial	
The place of registration (State/ Region)	
Male/Female	
Age	
Qualification	<input type="radio"/> Undergraduate <input type="radio"/> Graduate <input type="radio"/> Post Graduate <input type="radio"/> Others
What is your occupation level?	<input type="radio"/> Government officer <input type="radio"/> Government staff <input type="radio"/> Company officer <input type="radio"/> Company staff <input type="radio"/> Own Business <input type="radio"/> Dependent <input type="radio"/> Student <input type="radio"/> Other
How much is your monthly income?	<input type="radio"/> Below 300,000 Kyats <input type="radio"/> 300,000-500,000 Kyats <input type="radio"/> 500,000-800,000 Kyats <input type="radio"/> 800,000 Kyats and Above

Part B

1.	Can you drive the vehicle?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
2.	Do you have the driving license?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

3.	Do you think ALL drivers or owners of vehicle know about Comprehensive Motor Insurance policy in Myanmar?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
4.	If no, how many percentages of drivers or owners of vehicle know about Comprehensive Motor Insurance policy in Myanmar? (A) 0 to 25 percent (B) 25 to 50 percent (C) 50 to 75 percent (D) -----percent	<input type="checkbox"/>	(A)		
		<input type="checkbox"/>	(B)		
		<input type="checkbox"/>	(C)		
		<input type="checkbox"/>	(D)		
5.	I've heard about Comprehensive Motor Insurance from (A) Radio / Television Program (B) Social media (C) Billboard advertisements (D) Agent or Friend or Family member or Relatives	<input type="checkbox"/>	(A)		
		<input type="checkbox"/>	(B)		
		<input type="checkbox"/>	(C)		
		<input type="checkbox"/>	(D)		
6.	Do you know that Comprehensive Motor Insurance indemnify the victims on behalf of you caused by your motor vehicle?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
7.	Have you ever purchased the Comprehensive Motor insurance?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
8.	Are you satisfied with the payment of premium?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

9.	<p>If Yes, why?</p> <p>(A) The premium is low.</p> <p>(B) Payment process is easy.</p>	<input type="checkbox"/> <input type="checkbox"/>	<p>(A)</p> <p>(B)</p>		
10.	<p>If No, why?</p> <p>(A) The premium is high.</p> <p>(B) Compensation is very few.</p>	<input type="checkbox"/> <input type="checkbox"/>	<p>(A)</p> <p>(B)</p>		
11.	<p>How much do you wish compensation should be paid?</p> <p>(A) 500,000 Kyats</p> <p>(B) 1.000,000 Kyats</p> <p>(C) 2,000.000 Kyats</p> <p>(D) -----</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<p>(A)</p> <p>(B)</p> <p>(C)</p> <p>(D)</p>		
12.	<p>Do you know that the compensation for injury is about Kyats 800,000?</p>	<input type="checkbox"/>	<p>Yes</p>	<input type="checkbox"/>	<p>No</p>
13.	<p>Did you have a motor vehicle accident?</p>	<input type="checkbox"/>	<p>Yes</p>	<input type="checkbox"/>	<p>No</p>
14.	<p>If Yes, have you made a claim for this accident?</p>	<input type="checkbox"/>	<p>Yes</p>	<input type="checkbox"/>	<p>No</p>
15.	<p>If No, why don't you make a claim for this accident?</p> <p>(A) The claim procedure is so complex.</p> <p>(B) So many documents have to put up.</p> <p>(C) The compensation is not interesting</p> <p>(D) Have to spend many hours</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<p>(A)</p> <p>(B)</p> <p>(C)</p> <p>(D)</p>		

16.	Do you wish to pay more premium than the current one so that more compensation can be settled?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
17.	Do you know the compensation for death and injury are Kyats 1,000,000 and Kyats 800,000 respectively under the Comprehensive Motor Insurance Policy?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
18.	How much do you wish compensation should be paid? (A) No more (B) 5 times (C) 10 times (D) 15 times (E) 20 times	<input type="checkbox"/>	(A)	<input type="checkbox"/>	(B)
		<input type="checkbox"/>	(C)	<input type="checkbox"/>	(D)
		<input type="checkbox"/>	(E)		
19.	Do you wish to get a reminder phone call from the insurance company before or during expiry period of your comprehensive motor insurance?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
20.	Do you wish to renew with current company for your car' insurance (Comprehensive Motor Insurance)?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
21.	Do you wish to switch to different company for your car' insurance (Comprehensive Motor Insurance)?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

22.	<p>If yes, why do you want to switch to different company?</p> <p>(A) Not willing to pay penalty premium</p> <p>(B) Not satisfy with payment procedures</p> <p>(C) The claim procedure is not clearly mentioned</p> <p>(D) Need to submit so many documents/evidences for a claim</p>	<input type="checkbox"/>	(A)		
		<input type="checkbox"/>	(B)		
		<input type="checkbox"/>	(C)		
		<input type="checkbox"/>	(D)		

23. Please write down your suggestion/opinion to develop comprehensive motor insurance policy in Myanmar or if any other?

Thank you so much for your kind support!