

YANGON UNIVERSITY OF ECONOMICS
MASTER OF PUBLIC ADMINISTRATION PROGRAMME

A STUDY ON THE INSURANCE MARKET
IN MYANMAR

HLAING YIN MON
EMPA - 10 (16th BATCH)

AUGUST, 2019

YANGON UNIVERSITY OF ECONOMICS
MASTER OF PUBLIC ADMINISTRATION PROGRAMME

A STUDY ON THE INSURANCE MARKET
IN MYANMAR

A thesis submitted in partial fulfillment of the requirements for the degree of
Master of Public Administration (MPA)

Supervised by

Daw Theint Kay Thwe
Lecturer
Department of Applied Economics
Yangon University of Economics

Submitted by

Hlaing Yin Mon
Roll Number- 10
EMPA 16thBatch
(2017 – 2019)

AUGUST, 2019

YAGON UNIVERSITY OF ECONOMICS
MASTER OF PUBLIC ADMINISTRATION PROGRAMME

This is to certify that this thesis entitled “**A STUDY ON THE INSURANCE MARKET**” submitted as a partial fulfilment in the requirements for the degree of Master of Public Administration (MPA) has been accepted by the Board of Examiners.

BOARD OF EXAMINERS

1. Professor Dr. Tin Win
Rector
Yangon University of Economics (Chief Examiner)
2. Professor Dr. Ni Lar Myint Htoo
Pro-Rector
Yangon University of Economics (Examiner)
3. Dr. Phyu Phyu Ei
Program Director and Head of Department
Department of Applied Economics
Yangon University of Economics (Examiner)
4. Daw Khin Chaw Myint
Associate Professor (Retired)
Yangon University of Economics (Examiner)
5. Dr. Zin Zin Naing
Associate Professor
Yangon University of Economics (Examiner)

AUGUST, 2019

ABSTRACT

Insurance system is the important role for the economic development as well as infrastructure. The objectives of the study are to examine the current situation of insurance market and to assess the awareness on benefits of insurance in Myanmar. This study is mainly based on the descriptive method. Primary data is collected from the two-typed questionnaires with the customers and the employees from the insurance companies in Yangon Region. Secondary data is primarily based on the data collected Myanmar Insurance Association (MIA) and other related paper. For the employees from the insurance companies, the questionnaires consist five sections to know the current performance of the insurance companies. For the customers who want to buy or buy insurance, the questionnaires consist seven sections to know the awareness of insurance. As a result, the insurance companies wanted to improve the service quality of the insurance companies and the public have the insurance awareness to develop insurance market in Myanmar.

ACKNOWLEDGEMENTS

Firstly, my sincere thanks are extended to Master of Public Administration Programme Committee, Yangon University of Economics for providing me with the opportunities to undertake this thesis. I am deeply grateful to Professor Dr. Tin Win (Rector) and Professor Dr. Ni Lar Myint Htoo (Pro-Rector) of Yangon University of Economics for their kind permission for attending this Programme.

I am also grateful to Professor Dr. Phyu Phyu Ei, Programme Director, Head of Department of Applied Economics. My special thanks also go to Daw Khin Chaw Myint, Associate Professor (Retired) of Yangon University of Economics and Associate Professor Dr. Zin Zin Naing, Department of Applied Economics.

I would like to acknowledge deepest gratitude to my thesis supervisor Daw Theint Kay Thwe, Lecturer, Department of Applied Economics, Yangon University of Economics for her practical advices and invaluable guidance and valid suggestions and inspirational advice to accomplish my thesis.

I wish to acknowledge my thankfulness to my higher senior officers from Myanma Insurance, for allowing me to study MPA course. I would like to express my deepest appreciations to Dr. Sandar Oo (Managing Director), U Khin Maung Win (General Manager), U Lwin Oo (Deputy General Manager of Fire & Miscellaneous Insurance Department and Marine, Aviation & Travel Insurance Department) and U Nyi Nyi Aung (Deputy General Manager of Third Party Liability Insurance Department) from Myanma Insurance Corporation of Myanmar who accepted my requests and provided me with necessary information and guidance to complete the thesis.

I offer deep gratitude and gratefulness to all the peoples who contributed in different ways to my thesis. My thanks go to all respondent both the customers and insurance employees who gave me response answer for this thesis. I am also thankful to each individual who has given me kind help throughout the compilation period of this thesis.

Last but not least, my deepest thanks with all my heart are saved for my parents who were always supporting me. Finally, I would like to thank all my friends from EMPA 16th Batch standing by me through the good times and bad times, travelling a thesis journey together.

TABLE OF CONTENTS

	Page
ABSTRACT	i
ACKNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	v
LIST OF ABBREVIATIONS	vi
CHAPTER 1 INTRODUCTION	1
1.1 Rationale of the Study	2
1.2 Objectives of the Study	4
1.3 Method of Study	4
1.4 Scope and Limitations of the Study	4
1.5 Organization of the Study	5
CHAPTER 2 LITERATURE REVIEW	6
2.1 Concept of Insurance	6
2.2 Relationship between Insurance and Economic Development	8
2.3 Benefits of Insurance to Society	10
2.4 Business Benefits of Insurance	11
2.5 Role of Insurance in an Economy	13
2.6 Reviews on Previous Studies	16
CHAPTER 3 OVERVIEW OF MYANMAR INSURANCE INDUSTRY	18
3.1 Background of Myanmar Insurance Industry	18
3.2 Regulatory Framework for Insurance Market	20
3.3 Local Insurance Companies in Myanmar Insurance Industry	21
3.4 Insurance Services Provided by Myanmar Insurance Industry	22
3.5 Role of the Insurance Service Providers in Myanmar Insurance Industry	33
3.6 Insurance Market Development in Myanmar	34
3.7 Insurance Market Liberalization	41

CHAPTER 4	SURVEY ANALYSIS	47
	4.1 Survey Profile and Design	47
	4.2 Survey Findings on the Employees from Insurance Companies and the Customers	49
CHAPTER 5	CONCLUSION	65
	5.1 Findings	65
	5.2 Recommendations	66
REFERENCES		
APPENDICES		

LIST OF TABLES

Table	Title	Page
3.1	12 Private Local Insurance Companies in Myanmar	21
3.2	Acceptance of Life Insurance Underwriting	35
3.3	Claim Ratio in Life Insurance	36
3.4	Acceptance of General Insurance Underwriting	38
3.5	Claim Ratio in General Insurance	40
3.6	Life Insurance Foreign Representative Offices in Myanmar	42
3.7	Non-life Insurance Foreign Representative Offices in Myanmar	43
3.8	Composite Insurance Foreign Representative Offices in Myanmar	43
3.9	Representative Offices in Myanmar (Brokers)	44
4.1	Targeted Group of Respondents	49
4.2	Characteristics of Respondents	50
4.3	Quality of Service in Underwriting	51
4.4	Quality of Service in Claim Settlement	52
4.5	Information Provided for the Customers	53
4.6	Privatization of the insurance business	54
4.7	Characteristics of the Respondents	56
4.8	The Most Popular Insurance Products in Myanmar	57
4.9	Knowledge on Life Insurance Policy	58
4.10	Awareness on Comprehensive Motor Insurance Policy	59
4.11	Awareness on Fire Insurance Policy	60
4.12	Perception of the Customers in Insurance Business	61
4.13	Knowledge of the Customers on Benefits from Insurance	63

LIST OF ABBREVIATIONS

FRD	-	Financial Regulatory Department
GDP	-	Gross Domestic Products
IBRB	-	Insurance Business Regulatory Board
MIA	-	Myanmar Insurance Association
SEZ	-	Special Economic Zone
UIB	-	Union Insurance Board
TLO	-	Total Loss Only

CHAPTER 1

INTRODUCTION

Insurance is a business based on sales and services of “Insurance Contracts”, products guaranteed to provide protection of life and property of the insured in unexpected loss or damage occurring in the future. Benefits will be paid according to agreement of contract or in unexpected events, and indemnities paid in financial loss or damage incurred. There is no single universal definition of insurance. But certain key elements of risk transfer or risk spreading are common among the definitions. A widely accepted definition written by C. Arthur Williams, Jr. (1997) is that “Insurance is a device by means of which the risks of two or more persons or firms are combined through actual or promised contributions to a fund out of which claimants are paid.” The term can also be used to denote the protection afforded by this device. By virtue of a contract between the insured and the insurer, the insured pays the premium to the insurer and in turn gets a promise of indemnification in the event of a loss. To be valid and enforceable, there should be (i) proposal by the insured, (ii) acceptance by the insurer and (iii) payment of a consideration to the insurer.

Social insurance schemes operate according to principles of solidarity and equality. Individuals contribute a sum to the insurance pool which is not explicitly linked to their actual level of risk. In social insurance systems; any claim which is made on the insurance fund is met from the pool, and may be based on an entitlement arising from contributions or may be related to the individual’s level of need. There are six principles of insurance as follows to operate insurance business such as (i) utmost good faith, (ii) insurable interest, (iii) indemnity, (iv) proximate cause, (v) subrogation and (vi) contribution.

The Insurance institution has to guarantee performance of a financial obligation in the event of a future contingency. A friend is in need when everything else fails. If an insurer fails, it is not only the trust of one insured that is betrayed, it is

the confidence that many have in the insurance industry that is shattered. The consumer can easily evaluate the promises made by sellers of tangible goods and services; whereas to evaluate the insurer's promises of future performance is not an easy task for him. Rating or pricing for insurance is a major area of interest and stories of rate cutting are rampant even in well-regulated markets. Competition can cause bad marketing practices like discounting, resulting in inadequate rate levels, sharp loss adjusting practices, abortive policy language, monopolistic tendencies like cartels. A sound regulatory and supervisory system is necessary for maintaining efficient, safe, fair and stable insurance markets.

This study is related to the insurance market in Myanmar. The uncertainty part of any activity cannot be reasonably foreseen to happen within a particular time or in a particular manner. Insurance is an arrangement whereby many people who are susceptible to the same type of losses share the financial losses of a few. For most of the last half century Myanmar's insurance sector was closed and monopolized, but it is now opening up to both domestic and international competition. The transformation has been rapid and across the board. A dozen domestic private insurers have been formed since 2013, while rafts of foreign companies have opened representative offices in the country in that time. True competition is not yet allowed, and foreign firms are being kept at a distance. But the first, crucial steps have been taken, and conditions are right for rapid development.

Myanma Insurance has for many years operated as the monopoly provider of insurance, although at some times and in some ways foreign and private participation has been allowed. Insurance sector is new and lacks experience. Other than Myanma Insurance, no firm has the ability or capacity to handle large risks. The country does not currently have actuaries. It therefore makes sense to keep business highly controlled, to avoid dumping and ensure players do not price coverage too low.

1.1 Rationale of the Study

Insurance is a mechanism of transfer to remedy the loss by financial means before the loss occurs. The loss can be occurred in any person or in any organization because of its uncertainty. Thus, insurance is essential to manage the loss to be at the least minimum event before it affects the business or the person. Insurance has the ability to protect not only individual but also the whole country when they face the various uncertainty risks. The best way of risk management is insurance. Insurance

sells a promise. Insurance is understood as an honest deal for a noble cause between two gentlemen. The seller sells the promise/ charges consideration based on and believing. Almost all insurances other than life, personal accident and health insurance are contracts of indemnity. In life and personal accident insurances, where the principle of indemnity does not strictly apply, the insurer promises to pay a predetermined amount on the insured attaining a particular age, on death or on account of a disability due to an accident. In case of health and personal accident, the actual amount spent on health care or an agreed amount is paid as compensation. For example, in a road accident, if an insured vehicle gets totally damaged beyond repair, the insured would be eligible to get compensated up to the full sum insured of the vehicle from the insurer.

In Myanmar, insurance regulators need to systematize, regularize, develop and regulate the insurance business to promote Myanmar's business development. With the development of financial services in Myanmar, people aware that insurance is important to the remedy loss by financial means against risks, especially regarding cargo, property, death, automobile accidents, and medical treatment. People in Myanmar have known that there are the avoidable losses caused by law of uncertainty, elements beyond the control of human beings, and human errors. One recovery way is by the use of insurance facilities to the individuals or organizations. The higher the numbers of accidents, people are more aware on purchase insurance premium.

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 the insurance penetration standing at just 0.07 percent of GDP. Myanmar insurance sector is indeed in need of foreign investment to contribute towards the economic development of Myanmar. The size of its population, geostrategic location and its natural and human resources are set to ensure sustained GDP growth. However, the market is very positive about the changes that are happening in Myanmar to be the development of insurance market. The outcome of the study on Myanmar Insurance Market might serve to provide recommendations to the insurance development as well as the national economic development. The above are all the reasons to study on the insurance market in Myanmar.

1.2 Objectives of the Study

The objectives of the study are to examine the current situation of insurance market in Myanmar and to assess the awareness on benefits of insurance in Myanmar.

1.3 Method of Study

This study is mainly focused on the insurance market in Myanmar. Descriptive analysis is conducted. To achieve the objective of the study, primary data and the secondary data are used in this study. Personal interview method is applied to collect primary data not only from the customers who want and buy insurance covers but also the employees from 12 local insurance companies, 3 foreign reinsurance companies and Myanmar Insurance Association (MIA). Target population is about 100 persons who buy or want to buy insurance cover and 50 persons who work at 12 local insurance companies, 3 foreign reinsurance companies and Myanmar Insurance Association (MIA) in Yangon Region.

Two types of questionnaires are set for these two categories of respondents who live in Yangon Region only. For the employees from the insurance companies, the questionnaires consist five sections to know the current performance of the insurance companies. For the people who want to buy or buy insurance, the questionnaires consist seven sections to know the awareness of insurance.

Secondary data are also obtained from respective reports of Myanmar Insurance Association (MIA), Financial Regulatory Department (FRD) and the Insurance Business Regulatory Board (IBRB), relevant journals, websites, previous research papers, reports and literatures.

1.4 Scope and Limitations of the Study

This thesis covers the insurance market in Myanmar from the period 1976 to 2017 and the survey questionnaires are made about 150 persons from Yangon Region. For the case study, it covers from the period 2012-2013 to 2017-2018 based on the availability of the official data. The survey is conducted only in Yangon Region because of the highest insurance penetration so that it does not cover the whole country.

1.5 Organization of the Study

This study is organized into five chapters. Chapter one presents introduction that includes rationale of the study, objectives of the study, method of the study, scope and limitations of the study and organization of the study. Chapter two describes the literature review of insurance. It includes concept of insurance, relationship between insurance and economic development, benefits of insurance to society, business benefits of insurance and reviews on previous studies which are relevant to this study. Chapter three involves overview of Myanmar Insurance Market including background of Myanmar Insurance Industry, regulatory framework for insurance market, insurance service providers in Myanmar Insurance Industry and their roles, types of products, insurance market development and liberalization in Myanmar. Chapter four consists of analysis of insurance market in Myanmar. The two questionnaires are set out for the employees from the insurance companies and the customers. The survey results and discussion were described in this Chapter four. Chapter five describes the summary of findings and recommendations of the study.

CHAPTER 2

LITERATURE REVIEW

In this chapter, it starts with the concept of the insurances. It also includes role of insurance in an economy, relationship between insurance and economic development, business benefits of insurance, benefits of insurance to society and reviews on previous studies.

2.1 Concept of Insurance

Insurance is a kind of protection for the financial loss. It is a form of risk management, primarily used to limit against the risk of a contingent or uncertain loss. (Dickson, 1960). Insurance market and also insurance companies play especially the essential role in economy. The activities in insurance market which occur every day affect positively economic growth. Insurance activities also provide for increasing country GDP. On the other side, insurance increases employment in economy. Improve economic and financial stability also one of the main benefits of insurance. Therefore, insurance is the trustworthy system of the economy. Insurance supports economic growth by promoting financial stability, mobilizing and channelizing savings, supporting trade, commerce, entrepreneurial activity and social programs; and encouraging the accumulation of new capital and fostering a more efficient allocation. Moreover, the insurance sector reduces the amount of capital needed to cover these losses individually, thereby encouraging additional output, investment, innovation, and competition. Insurance companies have long investment horizons and can contribute to the provision of long-term finance and more effective risk management (Lamm-Tennant & Dominedo, 2013).

The basic philosophy of insurance is a cooperative device by which the loss likely to be caused by an uncertain event is spread over a number of persons who are exposed to it and who propose to insure themselves against such an event. The

essence of insurance is the elimination of risk and substitution of certainty for uncertainty. Insurance has both financial and legal mean. In financial sense, insurance can be defined as a social device providing financial compensation, payments being made from the accumulated contributions of all parties participating in the arrangement. The essence of insurance thus, is collective bearing of risks as it involves pooling of risks. In legal sense, a contract of insurance is a contract between the insurer and the insured requiring all the essentials of a valid contract according to the law of contracts. (Sinha, 2005)

The basic characteristics of insurance based on the insurance definition; an insurance plan typically include the following:

(i) Pooling of Losses

Pooling involves spreading losses incurred by the few over the entire group. Risk reduction is based on the law of large numbers. According to the law of large numbers, the greater the number of exposures, the more closely will the actual results approach the probable that are expected from an infinite number of exposures.

(ii) Payment of Fortuitous Losses or Accidental Losses

Insurance company pays for the “accidental” losses and they must be “unforeseen” and “unexpected”. This kind of loss is called fortuitous loss.

Example: a person may slip on an icy sidewalk and break a leg. The loss would be fortuitous.

Law of large number is based on the assumption that losses are accidental and occur randomly. Therefore, insurance policies do not pay for intentional losses.

(iii) Risk Transfer

Risk transfer means that a pure risk is transferred from the insured to the insurer, who is in a stronger financial position than the insured. Pure risks such as the risk of premature death, disability, destruction and theft of property, and the personal liability lawsuit.

(iv) Indemnification

The insurer puts the insured back to the same financial position prior to the occurrence of loss. Example: if a home burns in a fire, a house owner policy will indemnify him or restore him to his previous position. If the insured hit somebody with his car and he is liable for his bodily injury, insurer indemnifies the person by using the auto liability insurance.

A policyholder is a person who has purchased insurance. The term loss is used to denote the payment that the insurer makes to the policyholder for the damages under the policy. It is also used to mean the aggregate of all payments in one event. Thus, it can be said that there was a “loss” under the policy, meaning that the policyholder received a payment from the insurer. A claim means that the policyholder is seeking to recover payments from the insurer for damage under the policy. A claim does not result in a loss if the amount of damage is below the deductible, or subject to policy exclusion, but there still are expenses in investigating the claim. Even though there is a distinction between a claim and a loss, the terms are often used interchangeably to mean that an insured event occurred, or with reference to the prospect of having to pay out money. (Drennan, 2013)

2.2 Relationship between Insurance and Economic Development

While insurance, like other financial services, has grown in quantitative importance as part of the general development of financial institutions, it also has become qualitatively more important due to the increase of risks and uncertainties in most societies. The economic importance of the insurance sector has been increasing as part of the liberalization of financial systems (including privatization) and globalization and conglomeration of financial markets. The economic importance of the insurance sector has been increasing as part of the liberalization of financial systems (including privatization) and globalization and conglomeration of financial markets. Insurance markets are similar to banks and capital markets because they serve the needs of business units and private households in financial intermediation. (Roy, 2008)

The availability of insurance services is essential for the stability of the economy and can make the business participants accept aggravated risks. Insurances also protect against possible negative outcomes of activities carried out by individuals or companies threatening themselves, others and the future abilities of both. This reduces concerns about dangerous leisure-time activities, jobs bearing safety risks, venturesome investments, and the like. (Roy, 2008)

The growth of the insurance sector relative to the banking sector has been facilitated by recent liberalizations, privatizations, and financial consolidations. Bank-type activities, especially by life-insurers increased the significance of the insurance sector for the capital market. The banking sector is mainly a buyer of protection,

while the insurance sector is mainly a protection seller for investment or portfolio management purposes. The ties between banks and insurances are not only possible via financial market instruments, but also – and more visibly – by the appearance of bancassurance and other conglomerates. This development has increased the ties between short-term assets and long-term liabilities throughout the whole group and the growth of credit risk offloading onto insurance companies. (Roy, 2008)

Without access to product liability insurance, firms, particularly pharmaceuticals would be unwilling to develop and market highly beneficial products. In these cases, the growth supporting aspect derives from a possible efficiency improvement, development of new products and services and the additional profits achieved by the compensation of extra business venture. (Ward & Zurbrugg, 2000)

Insurance companies are major investors into shares, bonds and loans and real estate. Directly and indirectly insurers provide funds for investment and add to demand for the respective financial market instruments. By providing liquidity and depth to the respective markets, they improve the overall performance of the respective markets. Due to higher liquidity it is much easier for private and institutional investors to access diversified investment portfolios and to invest in high-risk, high-productivity projects. Insurance companies play a major role on stock and bond markets, growth effects attributed to them in the finance-growth-literature may at least partly be derived from insurance companies' investment. Therefore, analyzing the impact of insurance investment by category (stock, bond, loan, real estate) on the economy is a further area to explore. Efficiency improvement in the insurance market can put additional pressure onto other financial intermediaries and improve the contribution of the financial sector to real growth. (Bosworth & Triplett, 2004)

The main macroeconomic factors that should drive the development of the insurance sector into four major groups: 1) economic factors, 2) demographic factors related to the structure and location of households, 3) social and cultural factors accounting for subjective discount functions by consumers and 4) institutional and market structure factors. (Outreville, 2011)

Population size/density has positive effect on insurance demand. In property-liability insurance, the frequency of losses is greater in areas with higher rates of urbanization, and the relationship between urbanization and premium density is statistically insignificant. (Browne et al. 2000).

2.3 Benefits of Insurance to Society

Although many forms of insurance are optional, some are mandatory. When people go uninsured, it still impacts society as a whole.

Generally, insurance protects people and their bank accounts as the personal benefits. If a person gets sick, for instance, having insurance will ensure him get the medical care he needs without emptying his savings. Life insurance will help pay for funeral costs, as well as provide a cushion that can help pay his family's mortgage and other living expenses after death.

Businesses have access to commercial insurance that provides liability protection. If a company designs a product that harms consumers or someone slips and falls on its business property, for instance, the right kind of liability insurance will take care of that person's medical bills and other related costs. This type of business continuity insurance could mean the difference between surviving and growing into a thriving business or shutting your doors forever.

Although individuals generally get insurance for self-serving reasons, the importance of insurance for society as a whole cannot be understated. Hospitals are required to treat uninsured patients who come through the emergency room, writing off the cost as a loss. As a result, the costs of services go up, which increases insurance premiums for everyone.

Business insurance also serves a greater purpose. Although the government has checks and balances in place to keep consumers safe, if a particular product slips through the cracks, insurance will help pay the costs that come with an injury or death. (Faris, 2018)

Insurance increases marginal productivity of capital also in a way that it makes no need for high liquid contingency funds of firms what results in more funds available. Positive effects on economic growth through more efficient allocation of resources could be realized by relieving the burden of social welfare system. It is particularly important in the new demographic situation of prolongation of life expectancy, an increase in elder people and a falling birth-rate while at the same time people expect to receive a high level of healthcare and pensions. The function of providing insurance coverage could affect economic growth through saving rate channel in mixed way. On the one side, insurance protection contributes to greater security what makes individuals and firms less careful. On the other side, by offering

various life insurance products that combine risk protection and saving benefits, insurance companies encourage long-term savings. (Research Journal, 2009)

The positive impact of GDP, claim and population on insurance premium is the result of their influence in the demand for insurance, when they increase the demand for insurance increases.

If only one company dominates the market there is the tendency to monopoly, which is not favorable for the development of the market. A decline in the market of the largest company is the sign of the improvement of the market. The presence of foreign insurers increases competition and more importantly, they may bring in new products and ideas to the market, thus enhancing the supply of insurance.

The development of the insurance market is also constrained by its culture and the level of the country's industrialization. Others factors affecting the development of insurance market are the level of income of people, the development of the market as a financial market, how much tolerant is a society for the uncertainty, the level of corruption in the country. (Research Journal, 2009)

2.4 Business Benefits of Insurance

In the process of accumulation and allocation of resources insurance company's lower transaction costs, achieve diversification and lower nonsystematic risk; provide limited liquidity and lower information asymmetry, by which they contribute to economic growth through channels of marginal productivity of capital, saving rate and technological innovation. However, besides the positive effect on economic growth through saving rate channel, by lowering nonsystematic risk by diversification and by lowering liquidity risk, insurance companies could affect economic growth negatively.

In the process of resources accumulation and their allocation insurance companies create liquidity. They use funds entrusted to them by policyholders to make long-term investments while at the same time provide instant liquidity if loss occurs. Particularly important in providing long-term sources of financing are life insurance companies that offer contractual savings products. In this way, insurers satisfy needs of both policyholders who have immediate access to loss payments and benefits and borrowers who can realize long-term project and need not repay their loans immediately. If the long-term entrusted funds borrowed from insurance companies are used for financing technological innovation, lower liquidity risk

provided by insurance companies affects technological progress, too. However, there is also an opposite view according to which lowering liquidity risk through rising supply of consumer credit and mortgage loans of financial intermediaries could lower saving rate. (Jappelli & Pagano, 1994)

Another importance of insurance companies for economic growth is their role in gathering and analyzing information on borrowers. In other words, insurance companies contribute to more efficient allocation of capital by lowering information asymmetry. Individual savers do not have time, resources and ability to gather and analyze information on borrowers, which might result in problem of adverse selection or even in their unwillingness to lend their funds.

The advantages of insurance companies in resources allocation in relation to individual economic units are access to relevant information, knowledge and lower costs of information processing. Insurance companies are specialized for selecting high-productive projects. This results in the allocation of funds to those projects where the marginal productivity of capital is highest, and thus in higher rate of economic growth in the model of 1990.

Additionally, since insurance companies have a continuing interest in the firms to whom they lend funds, they have an incentive to monitor managers to ensure shareholder rights and to achieve high standards of corporate governance. Insurers are more specialized in monitoring and could realize these activities at lower costs than individual economic units. In this way, insurance companies lower ex-post information asymmetry and the problem of moral hazard and contribute to more efficient capital allocation. (Research Journal, 2009)

Whether the business is high or low technology, consumer or service oriented, insurance can provide a wide range of benefits. Insurance can protect business assets and revenue. And in many cases, there are laws and regulations that require insurance, so that companies can experience the best benefit of all: staying open for business.

(i) Employee Recruitment, Retention and Wellness

Providing health insurance to employees is a valuable tool to attract and retain the best employees. It's not unusual for employees to stick with a particular job or employer, even if it is not their ideal job, because the health care coverage is comprehensive and affordable. Companies benefit in many areas when their health coverage includes wellness features to promote such things as healthy eating, smoking cessation and exercise.

(ii) Insurance Protection against Consumer Lawsuits and Liabilities

Businesses have to incorporate safeguards to protect themselves from outside lawsuits. A product recall, a food product that causes an illness, a car that fails to operate safely and causes a loss of life or limb; exemplify how devastating the results can be for businesses without liability insurance protection.

(iii) Commercial Property and Casualty Insurance

Second only to its employees, a business's structure, warehouse, products and property are important to insure. Business owners should make it a point to check out insurance companies that specialize in commercial property and casualty insurance. These companies know how to assess the importance and value of machinery, equipment, and inventory.

(iv) Compliance with Financial and Government Requirements

There are a host of benefits and reasons why to comply with business insurance requirements imposed by both financial and government agencies. Financial service providers, especially banks and investors, may tie-up access to capital and financing when insurance requirements are not met. So, it is of great benefit and importance to get the types and levels of coverage that meet their specifications. (Din1, 2017)

2.5 Role of Insurance in an Economy

Insurance provides the economic function of distributing risk. An individual pays a premium to an insurance company, which ensures him against a catastrophic event that has a large potential economic cost. Since the catastrophic event is usually rare, the insurance company receives a steady income, and the individual has protection against a loss that could otherwise result in bankruptcy, property foreclosure or other negative outcomes.

Insurance allows companies to construct large projects. For example, a microchip production factory may cost millions of dollars. The company that builds the microchip factory assumes a large risk, since the factory might burn down or collapse in an earthquake. With insurance on the factory, the company can build the factory and produce microchips. Large projects like this often have economies of scale, so they can produce goods more cheaply than small projects.

Vehicle travel requires insurance. Drivers on the road can potentially cause large amounts of damage to other cars and trucks, and they may also harm other drivers or pedestrians. Insurance allows drivers to travel with protection against the

risks of harming other individuals. Vehicle travel produces substantial economic benefits, since it allows trucks to deliver goods across a nation and allows workers to drive to their jobs.

Even if a company has enough money to protect itself against a catastrophe, insurance is still useful. A microchip production factory may have enough money to build a second factory if the first factory burns down. It can keep the money in the bank to protect itself from this event, or it can purchase insurance and use this money to build a second factory. Insurance frees capital for other investments.

Peace of mind is a psychological benefit of insurance. A person can lose everything she worked for her entire life due to a single disaster, and just the thought of this is stressful. According to Northwestern University, disability insurance helps medical students stop worrying about suffering costly injuries and concentrate instead on their medical coursework. Workers are more economically productive since they can focus on their jobs.

As a standard measure of insurance market development, it is used annual insurance penetration data for nonlife, life and total insurance. Life and nonlife insurers offer different protection services to individuals and businesses. While life insurers offer medium and long-term protection products with savings elements, nonlife insurers offer medium and short-term indemnification products. We hypothesize positive impact of penetration for nonlife, life and total insurance on economic growth.

The government has an important role for the establishment of framework for private sector development in every economy. However, numerous theoretical and empirical researches suggest that the larger government consumption the less developed will be financial system, and especially insurance industry. Life insurance premiums vary inversely with social security coverage. If government provides indemnification for property losses, disability, retirement and health care, individuals will have fewer incentives to purchase insurance, the fact that was especially emphasized during the communist era in Eastern Europe. Also, greater government consumption is generally considered to decrease the efficiency of investments as its investments are directed by political and social considerations. (Din1, 2017)

Insurance companies help keep the state economy strong, and more vibrant in various ways.

- (i)** Insurance companies offer financial protection for consumers.

Whether it is a vehicle accident, an accidental house fire, a flooded basement from a big storm or an injury at work, unexpected hardships can come up at any moment. Insurance can help manage this uncertainty and potential loss by providing vital financial protection. When disaster strikes, an insurance plan can provide consumers with the financial assistance they need. Without it, many individuals in these situations would be financially strained and could even face bankruptcy.

- (ii)** Insurance companies help businesses mitigate risk and protect their employees.

As with consumers, helping businesses mitigate risk can have a lasting, positive impact on the economy. A stronger Main Insurance Company leads to stronger communities and overall improved economic health of individual states and the country as a whole. Similar to consumers, businesses also can face financial duress due to disasters and unforeseen challenges. When disaster does strike, insurance is one of the best financial tools' businesses can call upon to help tackle these challenges.

Business insurance also helps drive growth. At its core, the protective safety net of insurance enables businesses to undertake higher-risk, higher-return activities than they would in the absence of insurance. These actions help businesses run successfully, which translate to more jobs and an increase in economic activity. Additionally, when an employee gets injured on the job, it is business insurance that helps cover the costs of that employee's treatment, and any potential wage interruption.

- (iii)** Insurance companies help keep our farms operating.

During every planting and harvest season, farmers face a unique set of challenges. Insurance products for farmers are uniquely tailored to their needs, including coverage for the financial risks that come with floods, droughts, and equipment failures. Keeping this important industry operating is another way insurance positively contributes to the economy.

- (iv)** Insurance companies help finance economic development projects.

Insurance companies typically invest premiums, or dollars, that are not used to pay claims and other operating expenses. Through stock, corporate and government bonds, and real estate mortgages, these investments often finance building construction and provide other crucial support to economic development projects

around the nation. Insurance is much more than monthly premium payments consumers and businesses must make. As a whole, the insurance industry is a vital thread in the fabric of a strong state economy.

Insurance companies could contribute to economic growth by realization of fourth function of financial system, facilitation of exchange. However, insurers do not facilitate exchange of goods and services through payment mechanism directly, but indirectly through some kind of insurance products. In such manner, credit insurance has an important role, especially in the international exchange. (Iowa Insurance Institute, 2019)

2.6 Review on Previous Studies

Sumegi (2006) studied that the relationship of insurance and economic growth. The author found that the importance of the insurance-growth nexus is growing due to the increasing share of the insurance sector in the aggregate financial sector in almost every developing and developed country.

Stojakovic (2016) wrote the subject of the development of the insurance sector and economic growth in countries transition. The main focus of this article is on the insurance sector and economic development of countries in transition; it can be observed that the development of the insurance market has had a positive influence on economic growth.

In the book on “Customer Driven Services Management”, Balach and Wran (2001) concludes that the insurance industry is fast growing and mostly becoming a customer driven and customer centric one. He also advocates that the insurance products are attractive to the customers, and then only the insurance industry flourishes in the market and serves its purpose of profit earning and also income generation.

In the book on “Insurance Business Environment”, Balasubramanian, T.S. and Gupta, S.P. (2000) explain at length the global and Indian pictures of Insurance systems. The impact of globalization and also liberalization on Insurance business environment is also discussed analytically to have a clear understanding of the challenges faced by the insurance industry.

Marlar Nyunt (2010) studied “Life Insurance in Myanmar”. It was recommended that the reforms of procedures were needed to be in line with current situations, prompt action in understanding and claim settlements, implementation of on-line insurance system, and wide distribution of insurance knowledge among

people and opening private insurance companies to develop insurance market in Myanmar. Moreover, it was mentioned that insurance as a social security tool and a mechanism of financial sector development should play its essential role very well.

CHAPTER 3

OVERVIEW OF MYANMAR INSURANCE INDUSTRY

This chapter states the background of Myanmar insurance industry, Regulatory Framework for Insurance Market, Local Insurance Companies in Myanmar Insurance Industry, Insurance Services provided by Myanmar Insurance Industry, Role of Insurance Providers in Myanmar Insurance Industry, Insurance Market Development in Myanmar and Insurance Market Liberalization.

3.1 Background of Myanmar Insurance Industry

It was assumed that insurance companies accompanied the British colonists to Myanmar. It is because any trace of the existence of insurance companies before the first Anglo-Myanmar War was not found. After the first Anglo-Myanmar War in 1824, eighteen foreign insurance companies started to underwrite the insurance business. Anyway, the colonial period from 1824 to 1948 was the golden age of insurance market in Myanmar because about 110 insurance companies were doing insurance business during that period. The insurance market still flourished before 1964 because there existed 74 insurance companies in Myanmar. In 1952, The Burma National Insurance Co. was nationalized and re-established as the Union Insurance Board (UIB).

It started to underwrite life insurance and extended its business to general insurance in 1957. The Union Insurance Board prohibited any other insurance companies from doing life insurance business in 1959 and general insurance business in 1964. The Union Insurance Board had monopolized the insurance market in Myanmar since then. In 1969, all banks and UIB were merged into the People's Bank of Union of Myanmar. In 1976, UIB was separated from the People's Bank of Union of Myanmar and re-established as Myanma Insurance Corporation. In 1989, it was renamed Myanma Insurance, the present organization.

In 2011, the democratic government appeared and it has been making various strategic reforms in every sector. The Insurance Business Supervisory Board which

was first formed in 1996 was reformed by the Ministry on 5-11-2011. The IBRB was again re-formed on 29th June, 2012 to open up the insurance market, and then the existing IBSB was re-organized on 15th November, 2013 in order to regulate and supervise the insurance market. After the Insurance Business Regulatory Board was formed in 1996, it made vigorous attempts to open up the insurance market but the attempts in the past were in vain due to the unfavorable circumstances. During the President U Thein Sein regime, the attempt of the Insurance Business Supervisory Board to liberalize the insurance sector was successful.

The IBRB selected eleven domestic companies on 5-9-2012 so that they would get the permission to underwrite the insurance classes concerned. Among the twelve companies, three companies will be permitted to underwrite life and nine companies will be permitted to underwrite Life & non-life insurance. A company is desirous of underwriting life insurance to deposit Kyats 6 billion of paid-up capital and one wishing to underwrite non-life insurance to deposit Kyats 40 billion of paid-up capital. Therefore, those who would operate as composite insurance companies were required to make each deposit of Kyats 46 billion of paid-up capital.

In the insurance industry in Myanmar, there are 29 representative offices. Out of 29 Representative Offices, 6 are non-life insurance companies, 11 are life insurance companies, 2 are composite insurance and 10 are insurance broker companies. These insurance representative offices are not allowed to operate any insurance business except the following three Japanese insurance companies which are permitted to underwrite some insurance business in Thilawa Special Economic Zones. They are: -

- (1) Tokio Marine Insurance (Thailand) Public Co., Ltd.
- (2) Sompo Japan Nipponkoa Insurance Inc.
- (3) Mitsui Sumitomo Insurance Co., Ltd.

The Ministry of Planning and Finance (MOPF's announcement No 1/2019) officially permits companies to operate the business of insurance, underwriting agency or insurance broking with foreign investment to open for business in the country. The MOPF invites interested local and foreign insurers to submit Expressions of Interest and/or Requests for Proposals to operate insurance businesses in Myanmar. The process will be facilitated by the Financial Regulatory Department. According to the announcement, life insurance providers will be given two options to operate. The first option allows not more than three licenses for foreign life insurers to operate as 100 percent wholly owned subsidiaries. The second allows foreign life

insurers with a representative office in Myanmar to form a joint venture with a local life insurer. Meanwhile, non-life insurance providers with rep offices in Myanmar will be allowed to form a JV with local non-life insurers. Local composite insurers are to operate as separate entities, which will pave a way for foreign entities to associate or partner with the local insurers. Since 2013, 11 local insurers have been granted licenses to operate, while 14 foreign insurers have set up 30 representative offices in the country.

3.2 Regulatory Framework for Insurance Market

Life insurance Rules were issued by the Phyithuhluttaw (Parliament) in 1976 and according to the Rules, all government servants shall affect compulsory life assurance with the Myanma Insurance Corporation, the former name of Myanma Insurance. Myanma Insurance Law was enacted in 1993 to conform to the new economic system. The Insurance Business Law was enacted in 1996 and the Insurance Business Rules in 1997 in order that the insurance market was opened up for private insurance companies because the former government started to change the economy from centralized economy into market-oriented economy. Compulsory Third-Party Liability Insurance Rules (1976) was re-drawn up in 2003 in view of the Protocol (5) ASEAN Scheme of Compulsory Motor Vehicle Insurance. Pursuant to the Third-Party Liability Insurance Rules, a motor vehicle owner is to have his vehicle compulsorily insured with Myanma Insurance against the third-party liability.

According to the Insurance Business Rules, an insurer or an insurance underwriting agent must have the same amount of paid-up capital of which 10% must be deposited in Myanma Economic Bank and which 30% Government Treasury Bonds must be purchased. However, there is no stipulation of paid-up requirement for insurance broker.

With regard to the supervisory and regulatory framework, there is an Insurance Business Regulatory Board (IBRB) which was established in 2011. Insurance Business Regulatory Board (IBRB) has developed the “Insurance Guidelines and Principles” and a risk-based approach has been taken for supervision that involves both off-site monitoring and on-site inspections. The last two Insurance Business Law and Rules were created with the aim of market liberalization to grant license to foreign insurance companies.

3.3 Local Insurance Companies in Myanmar Insurance Industry

There are 12 private insurance companies, 33 foreign insurance companies and international brokers including 3 Japanese insurance companies. 33 foreign insurance companies and international brokers, of which 22 insurers and 11 international brokers have opened respective 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.

The following table (3.1) shows 12 private local insurance companies in Myanmar Insurance Industry.

Table 3.1 12 Private Local Insurance Companies in Myanmar

No.	Name of insurance companies	Nature of business	License's date
1.	Citizen Business Insurance Public Co., Ltd.	Life	14.6.2013
2.	Aung Myintmo Min Insurance Co., Ltd.	Life	25.5.2013
3.	Capital Life Insurance Co., Ltd.	Life	25.5.2013
4.	Aung Thitsar Oo Insurance Co., Ltd.	Composite	25.5.2013
5.	Ayeyar Myanmar Insurance Co., Ltd.	Composite	14.6.2013
6.	First National Insurance Co., Ltd.	Composite	14.6.2013
7.	Grand Guardian Insurance Co., Ltd.	Composite	25.5.2013
8.	IKBZ Insurance Public Co., Ltd.	Composite	25.5.2013
9.	Global World Insurance Co., Ltd.	Composite	14.6.2013
10.	Excellent Fortune Insurance Co., Ltd.	Composite	6.10.2013
11.	Young Insurance Global Co., Ltd.	Composite	6.10.2013 (life) 18.1.2013(General)
12.	Myanma Insurance	Composite	1.3.1952

Source: Myanmar Insurance Association, 2018

The 12 private insurance companies with licenses are now operating in Myanmar. Of these, three are life insurance providers only, while the remaining nine

firms are composite providers covering life and non-life (general) insurance providers. If the life insurance companies want to provide non-life (general) insurance, they can apply the licenses again to the Insurance Business Regulatory Board (IBRB).

3.4 Insurance Services provided by Myanmar Insurance Industry

Myanmar Insurance Industry provides several types of insurance products permitted by IBRB. There are 18 non-life insurance products available in Myanmar Insurance Industry as the following:

1. Comprehensive motor insurance
2. Fire & Allied perils insurance
3. Cash in safe insurance
4. Fidelity insurance
5. Cash in transit insurance
6. Marine hull insurance
7. Marine cargo insurance
8. Personal accident insurance
9. Deposit insurance
10. Credit guarantee insurance
11. Third Party Liability insurance
12. Miner's liability insurance
13. Workers' compensation insurance
14. Personal accident insurance for cooperative personal
15. Contractors' all risk insurance
16. Erection all risk insurance
17. Machinery insurance
18. Burglary insurance

Some of the insurance products are designed for the welfare of the public and for the economic growth of the state can sell only in Myanma Insurance, state-owned enterprise. For example, Third Party Liability Insurance is designed for the victims who suffer from the accidents on the road caused by the careless drivers and it covers the compensation for any victim who is even fault.

i. Comprehensive Motor Insurance

Comprehensive motor insurance is a voluntary insurance. The insurance term is one year in maximum and the period can choose three months, six months or nine-months either. For insured vehicle, the benefits can get when it is caused by accidental collision or overturning, by impact damage caused by falling objects, by fire, external explosion, by malicious act, whilst in transit by road, rail, inland waterway and Strike, Riot and Civil Commotion. For the vehicle and property of Third Party, the maximum compensation amount for death or bodily injury caused to any other person in the event of an accident occasioned by arising out of the use of the insured vehicle is Kyats One Million (Ks. 1,000,000.00).

The premium can be calculated depending on the vehicle's sum insured, Cubic Capacity, Uploaded passengers, private or commercial vehicle. For example, if the sum insured for a vehicle is Kyats 10 Million (Kyats 10,000,000.00), the premium rating for that vehicle may be about 1.1% for private and about 1.6% for commercial vehicle. (Additional Cover – Acts of God, War risk, Theft, Nil Excess and including Windscreen value Kyats 100,000.00)

ii. Fire & Allied Perils Insurance

Fire insurance covers the properties as buildings, machinery, furniture, stocks and equipment owned by the state, cooperatives, joint-ventured companies or the public against the loss or damage due to the fire and allied perils. Any person who has the legally recognized relationship to the property can insure his or hers. The properties which are difficult to value are not allowed to be insured. The insurance period ranges from 10 days to one year. Buildings are categorized into four classes. The premium is calculated in accordance with the tariff based on the classes of the insured building and its surrounding buildings located within 25 feet to 50 feet. The following additional covers can be purchased together with the fire cover such as Riot, Strike and Malicious Damage, Earthquake Fire and Earthquake Shock, Explosion, Spontaneous Combustions, Storm, Typhoon, Hurricane, Tempest, Cyclone, Flood and Inundation, Air Craft Damage Impact Damage Subsidence and Landslide, Burglary and War Risk.

iii. Cash in Safe Insurance

Cash In Safe Insurance indemnifies the insured against the burglary of money kept in the premise by the public, cooperative and private enterprises. The insurance period varies from one day to one year. The premium rate for government and private

banks ranges from 0.2% to 0.5% and from 0.5 % to 1% for cooperative and private entities.

iv. Fidelity Insurance

Fidelity insurance is designed to indemnify the employers against the loss of money or misappropriation of the employees assigned as cashiers in public, cooperative and private sectors. The period of insurance is one year. The premium rate for government employees is 1 % and 2 % for the employees of cooperative and private entities.

v. Cash in Transit Insurance

Cash-in-transit insurance covers the loss of money due to the robbery or theft during the transit from one place to another by government, cooperative and private enterprises. The sum insured is the amount of sum carried at one time. The premium is charged, based on the miles of distance and discount is offered based on the specifications. The premium rate ranges from 0.2% to 1%.

vi. Marine Hull Insurance

Marine Hull, and Machinery and Electronics on vessel, can be insured, moreover, Pontoon and Wharf are also. For them, two types of covers - Total Loss Only and All Risks are underwritten. Total Loss Only (TLO) is underwritten for private vessels and duration of cover is from one month to one year in addition to a voyage. In Total Loss Only (TLO), the insured needs to do his utmost good faith to fill the particulars of the proposal form about the insured vessel. Licenses and photos of the vessel, certificate and profile of captain, and value of the vessel must be attached with the proposal form. If the age of the vessel is over 20 years, 10% must be added to the basic premium.

This insurance covers total loss damage caused by natural disaster or accident. (Institute Time Clause (CL-289)) Departmental and oversea vessels are underwritten by All Risks cover. Premium rate is from 2% to 3%. (Institute Time Clause (CL-280))

vii. Marine Cargo Insurance

Marine cargo insurance covers not only goods carried by ship, but also by road, rail, and air and frequently post. Voyage policy is also underwritten. Total loss only and All Risks are conducted by the maximum insured value up to 1000 million Kyats. Premium Rates for Total Loss Only are as follow:

Inland waters (or) by road	- 0.14%
Coastal (Oct 16 to April 30)	- 0.28%

Coastal (May 1 to Oct 15)	- 0.56%
By road for petroleum	- 0.28%
By road for breakable cargo	- 0.80%

Indemnity is that the vessel carrying the insured cargoes is covered only when that vessel is sunk and the cargoes are totally lost by natural disaster (or) accident with an unforeseeable object (or) fire. It is similarly covered for inland transport by the accidental damage and total loss only, not that for partial loss. (Institute Cargo Clause (CL-254))

All Risks insurance covers for Export and Import. Premium Rates are various such as the following:

General Cargo	- 0.56%
Breakable cargo, Fertilizer (powder)	- 0.80%
Additional Premium is the following:	
Transshipment	- 0.28%
Via	- 0.14%
Suez	- 0.0375%
War Zone & Surcharge	- 0.05%

Indemnity Partial Loss is covered since it is the widest one among insurance covers. It covers not only damage due to marine perils but also that due to 16 types of risks. (Institute Cargo Clause (CL-252))

viii. Personal Accident Insurance

Any person within the age from 16 to 60 and in good health can take out the personal accident and disease insurance. The insured can choose Table A for accidental death & injury cover and medical expense cover for 55 diseases expressed the proposal. Table B can be chosen for accidental death and injury. The person over the age of sixty can choose the Table D.

The insurance period ranges from one month, three months, and six months to one year. The maximum sum insured for citizen residing in Myanmar is Ks. 5,000,000 or USD -20,000 but USD 30,000 for foreigners, citizen or foreigners who are to go abroad can insure for up to USD 50,000. The premium rates are based on the insured's occupation, which is categorized into three classes. Class I is for those who have the lowest risk, class II is for those who are work site and class III is for those who are working under the hazardous condition.

ix. Deposit Insurance

Deposit insurance has been underwritten since 1st October, 2011 so that people do not lose the deposit at the banks, banks can obtain more deposit by creating the peoples trust in banks, increase the capacity of granting more loans in parallel and then increase their income. It is the banks that take out the insurance for those who deposit from Ks. 100,000/- to Ks. 1,000,000/- per head. The premium rate constitutes 0.12%. In case of bankruptcy, insurance company will indemnify the depositors directly or through the banks up to 60% of the sum insured.

x. Credit Guarantee Insurance

Credit guarantee insurance has been underwritten since 2015 so that bank can grant the loans to the small and medium enterprises for their development by taking out the insurance as a guarantee against the financial default. The premium rates for credit guarantee insurance with collateral constitutes 2 % for first year, 1.5 % for second year and 1% for third and consecutive year. The premium rates for credit guarantee insurance without collateral constitute 3% for first year, 2.5 % for second year and 2% for third and consecutive years.

xi. Third Party Liability Insurance

Businessmen or contractors take out this kind of insurance against the liability arising from the death bodily injury or property of third party due to his negligence or that of his employees in the course of work or of the performance of their duty. The Maximum limit of liability can be described in the proposal form. The maximum limit of liability for death, injury or property damage is designated fixed. This kind of insurance policy can be purchased in (terms of) US Dollar. The Premium rates are fixed subject to the limit of liability. The limits of liability ranges from Ks. 20 million to Ks. 10,000 million in Kyat and from USD 20000 to USD 2500000 in USD. Premium rates range from 0.2 % to 0.5% accordingly.

xii. Miner's Liability Insurance

Those who are between the ages from 18 to 60 can take out this insurance. The sum insured is Ks. 5,000,000/- per unit and maximum 4 units can be bought. In the event of death, the benefit is up to the sum insured and in the event of bodily injury the benefit is up to 80 % of the sum insured. The premium is Ks. 3,500/- per unit and its policy term is one year.

xiii. Workers' Compensation Insurance

According to the Myanmar workmen's compensation Act, 1923, the employer of government, cooperative and private enterprise has to buy workmen's compensation insurance for employees. They insure their employees against the death and injury during the work. Period of insurance is one year and renewal can be done. Premium is charged 2 % on income per year of the employee.

xiv. Personal accident insurance for cooperative personal

Any person within the age from 16 to 60 and in good health can take out the personal accident and disease insurance. The insured can choose Table A for accidental death & injury cover and medical expense cover for 55 diseases expressed the proposal. Table B can be chosen for accidental death and injury. The person over the age of sixty can choose the Table D. The insurance period ranges from one month, three months, and six months to one year.

The maximum sum insured for citizen residing in Myanmar is Ks. 5,000,000 or USD 20,000 but USD 30,000 for foreigners, citizen or foreigners who are to go abroad can insure for up to USD 50,000. The premium rates are based on the insured's occupation, which is categorized into three classes. Class I is for those who have the lowest risk, class II is for those who are work site and class III is for those who are working under the hazardous condition.

xv. Contractors' All Risk Insurance

It gives coverage for both damage of property and third-party liability insurance from the time of collecting construction material to the construction site to the time of handover after the contract works. The design fault is not allowed to claim. The sum insured is contract value. The value of machines and equipment at the site can also be added to sum insured. The premium rate ranges from 0.3% to 0.5%.

xvi. Erection All Risk insurance

The EAR covers start from the time of the arrival of construction materials to the site to the time of testing and commissioning after the installation and erection. The design fault is not allowed to claim. The testing period is allowed to 2 weeks. The premium rate ranges from 0.3 % to 0.5%.

xvii. Machinery insurance

Machinery and equipment break down, non-standardization, design fault, damages due to the unskillful workers, malicious damage, and electrical breakdown, natural disasters are covered. The premium rate ranges from 0.3 % to 0.5%.

xviii. Burglary insurance

Burglary insurance covers the loss of property due to the burglary. It can be purchased together with the fire insurance. Burglary means stealing the property either by breaking in the roof, wall, floor, door or window or destroying the lock, In case of burglary; it must be filed at the police-station in the respective township. The premium rate is charged, based on the structure of the building where insured properties are kept. The premium rates range from minimum 0.25% to maximum 1%.

There are 14 life insurance products available in Myanmar Insurance Industry as the following:

1. Public life insurance
2. Group life insurance
3. Health insurance
4. Sportsmen life insurance
5. Special travel insurance
6. Snake bite insurance
7. Farmers' life insurance
8. Government services personnel life insurance
9. Military personnel life insurance
10. Seamen life insurance
11. Shore job life insurance
12. Crop insurance
13. Weather index insurance
14. Education life insurance

Some of the insurance products are designed for the welfare of the public and for the economic growth of the state can sell only in Myanma Insurance, state-owned enterprise. For example, Government services personnel life insurance is designed for the government civil servants. Life insurance underwritten in Myanmar can be divided into two categories – the first for Endowment Policy and the Second for Term Policy.

Life Insurance for Government Servants, Life Insurance for Military Service Personnel and life Insurance for Public are endowment policies. In general, the Endowment Policy underwritten in Myanmar is a traditional savings-type life insurance product only. Government Servants and Military Service Personnel shall insure compulsory life insurance with Myanma Insurance. Their monthly premium is

calculated, based on their age and pay scale. Group Life Insurance, Seaman Life Insurance, Snakebite Life Insurance, Shore Job Insurance, Farmers' Life Assurance, Health Insurance, Short Term Endowment Life Assurance and Sportsmen Life Insurance are term policies.

The commission rates and the classes of life assurance underwritten through insurance agents:

(a)	Public Life Assurance	First year 20 %, the remaining period years 5 %
(b)	Group Life Assurance	15%
(c)	Snake Bite Life Assurance	8%
(d)	Health Insurance	10%

i. Public Life Assurance

A citizen can purchase the Public Life Assurance voluntarily. Limit of age is from 10 to 55. The minimum sum insured is Kyats 50,000/- and the maximum sum insured, Kyats 30million. Every proposer needs to make a medical check-up with a specialist. (Medical report in respect of X-rays, E.C.G, Ultra Sound, Diabetes, Hepatitis B, and Hepatitis C is to be submitted.)

Premium can be paid in quarterly or biannual or annual installment. Public life assurance policy can be purchased for 5, 10- or 15-years term. Insurance cover commence on the date of premium payment. If sum insured is Kyats 50,000 for five-years-term policy subject to age of the proposer, the premium will vary from Ks.10237.50/- (minimum) to Ks. 10870.00/- (maximum).

ii. Group life insurance

Anybody who is in good health age from 10 years to 55 years can assure. Public means employees from each organization except from government employees and army employees. Everybody can assure from at least 50000 Kyats to at most lakh 300 Kyats. Term can be choosing from 5 years to 50 years. Every assurer needs medical report by CB Insurance recommended specialist. Premium can be paid monthly (or) 3 months (or) 6 months, yearly. The term is start from the first premium paying date.

iii. Health insurance

Everyone who is aged from 6 to 65 years can insure. Myanmar citizens and foreigners who are working, operating a business or on any other visa can apply. Guardianship is needed for the applicants aged 6 to 18 years. The policy period is one year. Premium rate will vary based on age group and gender.

iv. Sportsmen life insurance

All sport men who are from age 10 to 60 years from each region can assure. Term is only one year. They can buy one unit for 5000 Kyats and one can buy till five units. The insured must be in good health physically.

v. Special travel insurance

While travelling along the specified route from the beginning till the end with the vehicle stated in the ticket, the insured will get indemnity for his/her death/injury directly or indirectly due to the stated vehicle unless the insured suffers/commits such as pre-existing diseases and handicaps, insane, suicide, voluntary act of bodily injury, abortion, involvement in dangerous/reckless act, violation of law to commit a crime, usage of illegal drugs and war, strike, riot and civil commotion.

The beneficiary will be compensated up to 3,000,000 Kyats upon the death of the insured and up to 2,400,000 Kyats proportionally upon the extent of injury occurred to the insured. The beneficiary is required to submit the claim during one year since the insured's death and during two years since the injury occurred to the insured.

vi. Snake bite insurance

Snake Bite is a kind of risk which can be met not only in rural areas but also in urban areas. Instead of curing the snake bite injury with the folk medicines this policy is designed for the victim in case of snake bite. Its purposes are to rely on and go to the hospital, to get the incurred expenses back due to the snake bite and to get the compensation from this coverage in case of loss of life. Sum Insured for Minimum one unit is Kyats 0.5 million and maximum (10) units is Kyats 5million. No age limit and everybody are entitled to buy this policy. The adult can buy this policy for the minor. No territory limit and premium rate for one unit of Kyats 0.5 million is Kyats 500/-. The term of policy is one year.

vii. Farmers' life insurance

Farmers' Life Assurance has been started to underwrite on July 10, 2017. This is term life assurance and everyone can purchase freely. Farmers, their family members, relatives, helpers and others can purchase this insurance. Age limit is from 16 to 60. Policy term is 1 year and can be extended yearly. Premium rate is calculated as 1 % of the sum insured. Minimum sum insured is 100,000/- Kyats and the maximum sum insured is 5,000,000/- kyats. 100% of the benefit can be claimed in the case of death of the insured and the total permanent disability.

In the case of accidental injury, the benefit may vary in proportion according to the remark of the doctor and specialist in the medical treatment document and certain proportion described in the policy would be claimed. For the sum insured of 100,000/- Kyats, the compensation for the hospitalization expenses is that 2,000/- kyat per day (5 days for 1 time) and the compensation covers for 3 times of hospitalization in 1-year term. 10% commission on the premium is allowed.

viii. Government services personnel life insurance

Government service Personnel Life Assurance shall affect compulsory life assurance under Chapter VI, Section-13 of the Myanmar Insurance Law 1993. Limit of age is from 18 to 55. Government servants under the age 50 shall affect compulsory life assurance. Government servants over the age of 55 are exempt from compulsory life assurance. The maximum sum insured is Kyats 30 million. Premium is calculated based on the term of insurance policy and sum insured. If the proposer is between the age of 18 and 50 and/or the sum insured is under Kyats 1,000,000/-, the proposer is exempt from having a medical check-up. If the sum insured is over Kyats 1,000,000/- and/or the proposer is above the age of 50, he is to make a medical check-up with a specialist. (Medical report in respect of X-rays, E.C.G, Ultra Sound, Diabetes, Hepatitis B, and Hepatitis C is to be submitted.)

Premium payable by the assured shall not exceed 15% of his/her monthly salary under Chapter II, Section – 3 of the Life Insurance Rules. The sum insured is Kyats 10,000/- the minimum premium will be Kyats 18.40/- or the maximum premium will be Kyats 173.92/- of monthly salary.

ix. Military personnel life insurance

The military Personnel shall affect compulsory life assurance under Chapter VI, Section-13 of the Myanmar Insurance Law 1993. The officers and other ranks between the age of 18 and 55 shall affect compulsory life assurance. The maximum sum insured is Kyats 30 million. If the sum insured is under Kyats 1,000,000/-, the proposer is exempt from having a medical check-up. If the sum insured is over Kyats 1,000,000/-, the proposer has to make medical check-up with a specialist. (Medical report in respect of X-rays, E.C.G, Ultra Sound, Diabetes, Hepatitis B, Hepatitis C is to be submitted.)

The military life assurance policy can be purchased for 5, 10- or 15-years term. Insurance cover commence on the date of premium payment. If the sum insured is Kyats 10,000, the minimum premium will be Kyats 166.30/- or the maximum

premium will be Kyats 176.40/- of monthly salary for five-year-term life assurance policy subject to his/her age.

x. Seamen life insurance

Seamen life assurance has been underwritten since 1.7.2003. Seamen life assurance can be purchased by all seamen between the age of 18 and 60 who depart to work on ocean-going ships. If the sum insured is Kyats 5,000,000/-, the premium will be Kyats 25,000/-for 1-unit of 1-year-term. Seamen life assurance can be purchased from 1 unit to 4 units. Insurance cover commences on the date of premium payment starts. The number of passport and copies of seafarer's identification and record book (C.D.C) and the medical report is to be submitted. If the proposer is in good health in the case of over age 60, he can purchase this insurance by applying additional premium Kyats 5000/-.

The insurance covers only death within its term. The proposer can mention the nominated beneficiary in the proposal. This insurance does not cover death arising from suicide, committing the offences, using the narcotic drug and deserting from the ship. If the corpse of the insured is not found due to various reasons, the benefit of life assurance will be suspended for two year after the accident. The beneficiary must claim within one month if the insured died. If not Myanmar Insurance will deduct 10% fine from the total claim amount.

xi. Shore job life insurance

Shore Job life assurance has been underwritten since 17.12.2004. Shore Job life assurance can be purchases by the workers between (the age of 18 and 60) whom are dispatched by a company which is officially registered in Myanmar. Good health identity is needed (or) the proposer must have a medical check-up by a doctor nominated by Myanmar Insurance. The sum insured is Kyats 5,000,000/- for one year - term, and the premium is kyats30,000/-. Sum insured can be set up to 20,000,000. Passport copy of the insured is to be submitted. Insurance cover starts on the next day after the premium payment date. Insurance covers for death and Injury. If the insured died within the term, his beneficiary shall obtain Kyats 5,000,000 as benefit. This insurance does not cover death arising from suicide, committing offences, using the narcotic drug and working illegally in other companies or factories.

xii. Crop insurance

Insurance Business Regulatory Board allowed Global World Insurance Co., Ltd to do crop insurance as 2 years pilot project in Yangon, Mandalay, Magway,

Ayarwaddy divisions on January 31, 2018. According to the project, fields are at Magway and Ayeyarwady Region among the first (6) month in 2018. During the pilot project will perform work proposal forms, premium rates, policy, receipt insurance, check and issue compensation systems.

xiii. Weather index insurance

According to the project by Myanmar Insurance supporting by Sompo Japan, fields are at Shwebo and Pyay Region. During the pilot project will perform work proposal forms, premium rates, policy, receipt insurance, check and issue compensation systems.

xiv. Education life insurance

The premium fee for Education Life Insurance ranges from minimum 5 million Kyats to maximum 10 million Kyats, and those aged from 18 to 56 are eligible to buy this service. Not only parents but also their relatives are eligible for this product. This is saving type life insurance and aims to have the habits of money saving for the educations of children. If the user happened death or disabled forever with insurance period, their children would be benefit continuously till educated. The users need to have medical checkup to buy this product. Insurance Period is rating to 9 years, 11 years and 14 years respectively. The product included two plans that basic allowance and double allowance.

3.5 Role of the Insurance Service Providers in Myanmar Insurance Industry

The insurance service providers in Insurance Market in Myanmar are (1) policyholders, (2) regulators, (3) supervisory, (4) insurance companies, (5) agents, (6) reinsurance and (7) brokers.

Policyholders are the people who bought the policy for the coverage from the insurance companies to be safeguarded and expect their claims to be paid from the insurance fund.

Regulators are the people who are responsible for issuing licenses to all persons, protecting the interests of insurance policy holders and insurance beneficiaries, promoting the development of the insurance sector and ensuring prompt settlement of claims and to prevent monopoly.

Supervisory is the body that is responsible to ensure effective regulation, supervision, and development of insurance industry, to formulate and enforce standards and to investigate and prosecute insurance fraud.

Insurance companies are the organizations to help their policyholders manage risk efficiently through providing insurance products, and paying the claims covered by their insurance policies. Moreover, they are trying to create new products and to make greater profit.

Agents are the people who are responsible to help insurers to assess the types of risks they face. Risks include natural hazards such as bad weather, hurricanes, tornadoes, fires, and floods. Moreover, they have to share insurance knowledge to the customers.

Reinsurance is a kind of insurance companies and the main function of reinsurance companies is spreading out risk. It can increase stability and security of the insurance companies, increase depth and width of coverage for the policyholders, help with analysis and decision-making for the companies, provide an array of services.

Brokers are the professionals who offer, negotiate, and sell policies and are responsible for helping their clients to outline risk management strategies, which are suitable for their profile.

3.6 Insurance Market Development in Myanmar

In Myanmar, life and non-life (general) insurance market are now developing steadily because the local insurance companies are trying to expand the market penetration and the foreign insurance companies are interested in doing business in Myanmar that can affect the foreign investment of a country.

3.6.1 Life Insurance Market Development in Myanmar

Insurance business has a positive impact on economic development and vice versa. As a developed insurance market stimulates economic growth of a country, the level of its economic growth affects insurance business development in return. In recent decades, demand for life insurance is characterized by continuous growth. Factors which are key determinants of life insurance demand can be classified as economic (GDP, incomes, employment, inflation etc.); demographic (age, sex, region, education etc.) and political, i.e. legal factors (corruption, the rule of law etc.). In

Myanmar, insurance penetration is 0.2% of GDP (55 million people) in life insurance products.

The underwriting process is an essential part of any insurance application. When an individual applies for insurance coverage, he or she is essentially asking the insurance company to take on the potential risk of having to pay a claim in the future. Underwriting is the process by which an insurer determines whether or not to accept a risk, terms and conditions to be applied and level of premium to be charged. The insurer shall consider the following for each of its products: develop guidelines.

Different aspects of life insurance system are needed to be improved in Myanmar such as financial infrastructure, reinvestment, rules and regulations and etc. The insurance company must analyze the 8-assessment evaluation such as age, gender, previous insurance, adverse medical history, family medical history, occupational hazards, habits and moral of the customer/ assured before selling insurance policy.

Table 3.2 Acceptance of Life Insurance Underwriting

(Kyats in Billion)

Year / Type	2013-2014	2014-2015	2015-2016	2016-2017
Public	261.26	884.42	1293.89	1507.25
Group	93.46	470.85	1231.37	1850.87
Health	-	-	247.05	100.06
Athletes	1.32	1.11	3.36	5.37
Special Travel	1042.37	3517	3988.7	4179.93
Snake Bite	67.63	181.18	170.77	209.85
Government Employee	135.54	205.76	300.25	468.57
Military Personnel	945.36	1886.55	6397.89	13201.15
Seamen	704.19	529.89	476.3	500.19
Life Insurance Total	3251.12	7676.76	14109.58	22023.24

Source: Myanmar Insurance Association, 2018

According to Table (3.2), Myanmar life insurance penetration is very low. It is because of lack of public awareness in life insurance and low per capita income. By increasing the saving interest rate in life insurance products and creating the new life insurance products which are suitable for the new era, the interests in life insurance

can be promoted. Therefore, people can get habits for savings in life insurance and GDP can increase due to life insurance market development.

Claim Ratio is the indicator how much death claims Life Insurance Company settled in any financial year. It is calculated as the total number of claims received against the total number of claims settled. Claims processes often suffer from large amounts of unstructured data collected from multiple sources and insufficient quantifiable performance metrics. This limits firms' capabilities to gain actionable insight from the claims experience.

Life insurance companies are increasingly looking for real-time analysis of their claims process by implementing an approach built on key performance indicators (KPIs) and enhanced quality in deliverance. A KPI-based dashboard can provide financial, claims processing, operational, and efficiency perspectives. Life insurers are expected to increasingly implement advanced fraud detection technologies to reduce fraud-related costs. Traditionally, the fraud detection process was manual, leading to poor detection rates and high occurrence of false-positive cases. They help insurers to reduce fraud-related expenses, which leads to lower premium rates for customers. Overall, life insurers are looking to claims transformation to reduce cost, improve customer satisfaction, and enhance fraud detection. These are analyzed by claim ratio.

Table 3.3 Claim Ratio in Life Insurance

Year / Type	2013-2014	2014-2015	2015-2016	2016-2017
Public	3%	1%	3%	1%
Group	3%	11%	17%	21%
Health	-	-	1%	11%
Athletes	192%	45%	60%	31%
Special Travel	2%	3%	5%	5%
Snake Bite	2%	1%	5%	3%
Government Employee	9%	5%	6%	5%
Military Personnel	33%	21%	8%	7%
Seamen	30%	35%	33%	24%
Life Insurance Total	17%	10%	8%	8%

Source: Myanmar Insurance Association, 2018

According to Table (3.3), percentage of claim ratio is significant decreased from the start of operation to present 2016-2017. Insurance premium is greater than the total of claim amount and expenses as a result insurance companies make a profit every year.

3.6.2 General Insurance Market Development in Myanmar

Insurance, being part of the financial system, perform six basic functions such as pooling of resources, facilitate capital transformation, efficient pricing, risk hedging, facilitate trade and commerce, and acting as an agent to deal with the asymmetric information issues to improve the economic well-being. All of these six functions of insurance could be categorized under intermediation, risk transfer and indemnification. Insurance holds a prominent position among other financial institutions due to stability and indemnification features of insurance contracts.

Insurance industry not only helps in the development of financial sector (competitive pricing and efficient allocation of funds) but it also promotes economic growth indirectly. However, the role of insurance varies for different economic levels and largely depends on the proxy used to measure insurance activity. Insurance business has a positive impact on economic development and vice versa. As a developed insurance market stimulates economic growth of a country, the level of its economic growth affects insurance business development in return. In recent decades, demand for life insurance is characterized by continuous growth. Factors which are key determinants of life insurance demand can be classified as economic (GDP, incomes, employment, inflation etc.); demographic (age, sex, region, education etc.) and political, i.e. legal factors (corruption, the rule of law etc.)

Table 3.4 Acceptance of General Insurance Underwriting**(Kyats in Billion)**

Year / Type	2013-2014	2014-2015	2015-2016	2016-2017
Motor	3070.81	5370.88	8240.14	14972.92
Fire	31629.31	28613.858	34955.385	42355.299
Cash in Safe	263.656	375.15	506.704	625.262
Fidelity	4.999	9.375	21.052	76.912
Cash in Transit	21.588	35.233	61.4	90.644
Marine Cargo	2876.77	1685.88	1927	2263.29
Marine Hull	182.21	255.93	277.83	366.06
Aviation	2.75	1.93	2.69	103.3
S.O.L	26.94	34.55	36.03	40.86
Tiger Fishing Bage	0.04	0.09	0.06	-
CGI	-	-	0.6	14.595
Deposit	63.941	64.523	24.304	12.545
Personal Accident	122.906	344.718	244.206	238.536
Third Party Liability	0.6	2.366	7.27	19.712
Miner's Liability	3.528	6.016	5.547	16.639
General Insurance Total	38270.048	36800.499	46310.218	60996.574

Source: Myanmar Insurance Association, 2018

According to Table (3.4), Myanmar general insurance penetration is very high compared with GDP. It is because of the increase in income of fire and motor insurance and public awareness in general insurance understanding. By providing the insurance cover on the public goods and the properties of the individuals, the risk can be transferred to the insurance companies and the insurance companies can provide

risk management. By doing so, the general insurance products can save the costs even if the accidents occur and moreover, the state economy can be developed as well.

In insurance industry, claims management continues to be a major area of interest and concern since it has a profound impact on customer satisfaction and an equally profound impact on the insurer's bottom-line. Existence of insurance depends on claims. If there are no claims, the need for insurance would not arise. Development of various insurance products and their pricing depends largely on claims. Claims are a defining moment in the customer relationship and for any insurer; success is defined by the customers experience around the claim.

Underwriting and claims settlement are the two most important aspect of the functioning of an insurance company. Every claim is an opportunity of building a life-long relationship with the customer. As such, every claim is important because building a reputation in claims is a slow and tiring process. Good claim services also significantly increase customer retention which in turn reduces customer procurement cost. Insurers tend to differentiate themselves and support their brand strategies with claims management as a keystone. In a highly competitive insurance market, differentiation through new and more effective claims management practices is one of the most important and effective ways to maintain market share and profitability. Unlike life insurance, where all policies necessarily result in claims – either maturity or death – in general insurance not all policies result in claim.

Table 3.5 Claim Ratio in General Insurance

Year / Type	2013-2014	2014-2015	2015-2016	2016-2017
Motor	28%	40%	38%	40%
Fire	8%	6%	10%	8%
Cash in Safe	-	-	-	-
Fidelity	-	-	-	-
Cash in Transit	-	-	-	-
Marine Cargo	3%	5%	9%	0.1%
Marine Hull	13%	1%	1%	1%
Aviation	-	16%	9%	1%
S.O.L	4%	4%	-	6%
Tiger Fishing Bage	-	-	-	-
CGI	-	-	-	-
Deposit	-	-	-	-
Personal Accident	14%	4%	3%	5%
Third Party Liability	-	-	-	
Miner's Liability	-	-	-	2%
General Insurance Total	9%	11%	14%	15%

Source: Myanmar Insurance Association, 2018

According to Table (3.5), percentage of claim ratio is significant increased from the start of operation to present 2016-2017. Insurance premium is greater than the total of claim amount and expenses as a result insurance companies make a profit every year.

3.7 Insurance Market Liberalization

Myanmar government has a strong political-will to liberalize insurance sector by allowing foreign insurance companies to enter local market. In January 2019, the Ministry of Planning and Finance officially permits the local companies to operate the business of insurance, underwriting agency or insurance broking with foreign investment to open for business in the country.

The comprehensive insurance liberalization has been announced in 2019. The selection committee has selected the foreign insurers based on the selection criteria who submitted proposals to operate insurance business in Myanmar. After announcing the selected persons, foreign insurers, brokers and loss adjusters will be guaranteed license to transact their business in domestic market.

With the aim of expanding insurance business locally and abroad, and cooperating between insurance companies, Myanmar Insurance Association (MIA) was established 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 insurers, intermediaries and all the stakeholders. MIA operates as a main channel of communication between government organizations and private insurance sector and carries out communication between Myanmar Insurance companies and international insurance industry.

Table 3.6 Life Insurance Foreign Representative Offices in Myanmar

No.	Country	Names of Life Insurance Offices
1.	Japan	Dai-Ichi
2.		Taiyo Life
3.		Nippon Life Asia Pacific (Regional HQ) Pte. Ltd
4.	USA	MetLife Asia
5.	Singapore	Great Eastern Life Assurance
6.	Thailand	Muang Thai Life
7.		Thai Life Insurance
8.	Hong Kong	Manulife Financial Life Insurance
9.	UK	Prudential Holdings
10.	Taiwan	Shin Kong Life Insurance
11.	Sri Lanka	LOLC Life Insurance
12.	Australia	AIA Company Limited
Total		12

Source: Myanmar Insurance Newsletter, 2018

According to Table (3.6), the branches of foreign insurance companies for life products are opened in Myanmar since 2013. Most of the foreign life insurance companies are from Japan. In 2019, the five life insurance companies; namely, Dai-Ichi, MetLife Asia, Manulife Financial Life Insurance, Prudential Holdings and AIA Company Limited are allowed to operate 100% life insurance business in Myanmar.

Table 3.7 Non-life Insurance Foreign Representative Offices in Myanmar

No.	Country	Names of Non-life Insurance Offices
1.	Japan	MSIG
2.		Sompo Japan
3.		Tokio Marine
4.	USA	Chubb INA International Holdings
5.	Germany	Allianz Global Corporate & Specialty
6.	Thailand	Muang Thai Insurance Public Co., Ltd
7.	Korea	DB Insurance Co., Ltd
Total		7

Source: Myanmar Insurance Newsletter, 2018

According to Table (3.7), the branches of foreign insurance companies for non-life products are opened in Myanmar since 2013. In 2019, the three non-life insurance companies; namely, MSIG, Sompo Japan and Tokio Marine are allowed to operate Joint Ventures with the local non-life insurance business in Myanmar.

Table 3.8 Composite Insurance Foreign Representative Offices in Myanmar

No.	Country	Names of Composite Insurance Offices
1.	ROK	Dongbu Insurance
2.	India	The New India Assurance
3.	US	United Overseas Insurance Limited
Total		3

Source: Myanmar Insurance Newsletter, 2018

There are 33 foreign representative offices from 13 countries, of which 18 representative offices from 10 different countries have already established their offices in Myanmar. On the other hand, there are also representative offices of international brokers and intermediaries from 5 countries.

Table3.9 Representative Offices in Myanmar (Brokers)

No.	Country	Name	Total
1.	France	Poe-ma Insurance	1
2.	Thailand	JLT Jardine Lloyd Thompson Ltd	1
3.	Malaysia	KM Dastur Reinsurance Brokers Private Ltd	1
4.	Singapore	Willis Singapore Pte. Ltd	6
5.		MARSH Insurance	
6.		Pana Harrison (Asia) Pte. Ltd	
7.		Asia Reinsurance Brokers Pte. Ltd	
8.		Grandiose Pte. Ltd	
9.		Acclaim Insurance Broker Pte. Ltd	
10.	Vietnam	AEGIS Management & Consultants Agency Co., Ltd	1
11.		MGA Asia Insurance Brokers Co., Ltd	1
Total			11

Source: Myanmar Insurance Newsletter, 2018

The brokers from different countries offer the different policies with the different coverages to the clients in Myanmar. Myanmar brokers are not issued the licenses and are not allowed to operate insurance business because of lack of broker regulation in Myanmar till now.

3.7.1 Opportunities of Insurance Market in Myanmar

There are many opportunities getting from the insurance sector from liberalization.

i. Market Potential

Myanmar insurance market is developing rapidly. According to “KPMG, The Banking & 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 premium in 2013 was estimated at USD 2.5 million and projected to grow by 25.3% per annum (2012-2024).

ii. Low Penetration Rate

Low penetration rate and density is paving the way to progress market potentials for Myanmar population of 52 million as of March 2018.

iii. Potential for Life Insurance Products

There is also market potential for life insurance products as 50 percent of the Myanmar population is under the age of 30. As Myanmar's economy develops and more local people join the formal labor market and receive a regular income, there is the opportunity for life insurance penetration to increase.

iv. Potential for Micro Insurance Products

Micro insurance aiming at low-income section of population and the people in remote and rural areas could present significant potential. Sizable numbers of Microfinance Institutions (MFIs) have already been providing financial services for their livelihood activities. High mobile penetration in Myanmar can contribute to innovative payment mechanism for insurers.

3.7.2 Challenges of Insurance Market in Myanmar

There are also many challenges getting from the insurance sector from liberalization.

i. Lack of Public Awareness

A large number of Myanmar's 52 million people remain financially unprepared for their future, particularly when it comes to unexpected health issues 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.

ii. 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 same premium rates. This results in a non-competitive landscape that limits potential product availability, lack of product innovation and possible unprofitability for insurance companies.

iii. Shortage of Skilled Professionals

Human resources are a significant challenge to the growth of the industry. Just as financial literacy remains low, access to the human capital needed to operate an

insurance business is limited, requiring significant investments by companies to educate and train staff. Moreover, Myanmar Insurance Market Industry currently has no in-house actuarial expertise to introduce new products for its pricing process.

iv. Lack of Collaboration

To get deep insurance awareness for the people, it surely needs to make some legal framework in the collaboration with other government agencies, for instance, health insurance in cooperation with Ministry of Health, and for agricultural insurance in coordination with Ministry of Agriculture and Metrological Department, etc.

v. Shortage of Resources

The overall lack of experience, technical know-how and capital for most domestic insurance firms is hampering the growth of the industry and the opportunity to provide a financial umbrella to families.

vi. 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.

3.7.3 Development and Sustainability of Insurance Market in Myanmar

It is important to establish a well-structured competitive insurance market where quality, reasonably-priced products are available from reliable insurers. Development of industry is necessary. On the other hand, the protection of the interest of policy holders, at the same time, sustainability of the players both local and foreign insurers are also taken into account. The best suit of insurance liberalization mechanism is important.

Myanmar is the late comer of insurance market in Asia meaning that it can enjoy late-comer advantages. Myanmar can study each and every country's experience and take note of success stories and failed ones, as well.

The entry of foreign insurance companies will also contribute to the modernization of financial markets and facilitate access to capital, serving as an additional source of capital while simultaneously promoting sensible risk-management policies. Foreign insurance firms possess experience, technical know-how and capital necessary to help the growth of Myanmar's insurance market, which provide much needed financial protection for families as the country's economy expands.

CHAPTER 4

SURVEY ANALYSIS

4.1 Survey Profile and Design

Myanma Insurance was established in 1952 and the local private insurance companies were allowed to operate insurance business in 2013. The experiences in insurance market for local private insurance companies are nearly 6 years. The main operating departments in insurance companies are as follows:

- Underwriting department includes the surveyors, the operations team, the marketing team, finance team and mechanical engineers.
- Claim department includes the loss adjusters, the operations team, the finance team, the audit team and mechanical engineers.

The customers' complaints and service are included in both departments. The insurance system is very important for individual and for the whole country in order to increase economic growth in a country.

This chapter analyses the primary data collected through the personal questionnaire with 150 respondents those who are 50 employees who are working now in 12 local insurance companies, 3 foreign reinsurance companies and Myanma Insurance Association (MIA) in Yangon Region and 100 people who want to buy or buy insurance. Two types of questionnaires are set for these two categories of respondents who live in Yangon Region only.

For the employees who are working now in 12 local insurance companies, 3 foreign reinsurance companies and Myanma Insurance Association (MIA) in Yangon Region, the questionnaires consist five sections:

- Section A (personal details)
- Section B (quality of service in underwriting)
- Section C (quality of service in claim settlement)
- Section D (customers' complaints and service)
- Section E (impact of privatization)

The personal details include city, gender, age, education, occupation and monthly incomes. It focuses on the employees who are higher positions and can

decide to change the performance and conditions in the companies to develop insurance market. The quality of service in underwriting is concerned with the identification of services or activities that should need to carry out by insurance companies which help to improve between current performance and the desired performance from the companies. The quality of service in claim settlement concerns with the responsibilities which the employees should perform to be clear and transparent in claim payment quickly. The customers' complaints and service are concerned with the information provided by insurance companies to the customers which helps to understand the process of the insurance and the benefits of it. The impact of privatization is included how to provide and promote the quality and skill of human resources in privatization.

For the people who want to buy or buy insurance, the questionnaires consist seven sections:

- Section A (personal details)
- Section B (reasons for buying insurance policy)
- Section C (life insurance policy)
- Section D (comprehensive motor insurance policy)
- Section E (fire insurance policy)
- Section F (perceptions of insurance business)
- Section G (benefits from insurance)

The personal details include city, gender, age, education, occupation and monthly incomes. It focuses on the customers who are middle income level and can afford to buy insurance services. The reasons for buying insurance policy are concerned with the awareness of insurance. The life insurance policy concerns with the information to give the public for saving type and for providing healthcare. The comprehensive motor insurance policy concerns with the knowledge of the compensation giving from buying this policy. The fire insurance policy concerns with the knowledge that every house should have it for safety. Perceptions of insurance business concerns with the feelings of the customers that can be improved the performance of the insurance companies. Benefits from insurance are concerned with the value of the insurance system which can contribute not only to the individual but also to the society.

4.2 Survey Findings on the Employees from Insurance Companies and the Customers

This study examined what kind of services and what kind of perceptions of the people who want to buy or buy insurance and the employees from insurance companies can develop insurance market in Myanmar.

4.2.1 Survey Findings on the Employees from Insurance Companies

In order to study the insurance market conditions in Myanmar, survey analysis is presented in five sections which are the personal details, the quality of service in underwriting, the quality of service in claim settlement, the customers' complaints and service and the impact of privatization and the data is presented in form of tables.

(a) Personal Details of the Respondents (Employees)

The target group of respondents on this survey is based on the employees who are working now in 12 local insurance companies, 3 foreign reinsurance companies and Myanma Insurance Association (MIA) in Yangon Region.

Table 4.1 Targeted Groups of the Respondents

variable	Characteristics	No. of Respondents	Percent
Target Group	CEO position	13	26
	Administrative officers	8	16
	Senior officers	14	28
	Others	15	30
	Total	50	100

Source: Survey data (2019)

The number of targeted respondents is 50. As shown in table (4.1), the majority of the respondents (30% or 15) are other positions in the insurance companies. The data obtained from the questionnaire reveals that 14 respondents who are senior officers of position representing (28%) and 8 respondents are administrative officers representing (16%) and CEO position is 26% or 13 respondents. Thus, the majority of respondents (70%) are those in a higher position or rank.

Table 4.2 Characteristics of the Respondents

No.	Variable	Characteristics	No. of Respondents	Percent
1.	Sex	Male	12	24
		Female	38	76
		Total	50	100
2.	Age (in years)	Below 30	11	22
		30 to under 45	27	54
		45 to under 60	8	16
		Above 60	4	8
		Total	50	100
3.	Education	Graduate	28	56
		Post graduate	20	40
		Professional degree	2	4
		Total	50	100
4.	Monthly income (in Ks.)	Below 1,000,000	32	64
		1,000,000 to 2,000,000	13	26
		Above 2,000,000	5	10
		Total	50	100

Source: Survey data (2019)

As shown in table (4.2), the majority of the respondents (76% or 38) are female. The data obtained from the questionnaire reveals that 27 respondents between 30 to under 45 of age representing (50%), formed the majority. 11 respondents, each below 30 years of age representing (22%) and 8 respondents, each between 45 to under 60 of age representing (16%) and 4 respondents (8%) are over 60 age.

For education, the majority of 28 respondents are graduates representing (56%). Then, 20 respondents are post graduates representing (40%), and 2 respondents (4%) have professional degree.

According to the results, 32 respondents below 1,000,000 of monthly income (in Ks.) representing (64%), formed the majority. 5 respondents, each above 2,000,000 of monthly income (in Ks.) representing (10%) and there are 13 respondents in monthly income (in Ks.) between 1,000,000 and 2,000,000 representing 26%.

(b) Quality of Service in Underwriting

It was found that the quality of service that would deliver by the insurance companies was very large in agreement and it was nearly half of respondents who were considered the quality of service were very important in insurance companies.

Table 4.3 Quality of Service in Underwriting

Characteristics	No. of Respondents (Agree)	No. of Respondents (Disagree)	Total Respondents
Modern equipment and technology	48	2	50
Skill and appearance of staffs	49	1	50
Error free records	44	6	50
Clear and transparent policies	48	2	50
Claim settlement	49	1	50
Sound financial strength	49	1	50
Competitive prices	40	10	50
Operating hours convenient to customers	44	6	50

Source: Survey data (2019)

In this study, over 80% of the employees agree that the insurance companies should organize the employees who are neat in appearance, understand the specific needs of the customers and perform the service right. The insurance companies should offer the different insurance products and organize consumer awareness program,

have operating hours convenient to all customers and welcome complaints and criticisms and respond positively. If the insurance companies perform customer relationship management well, the customers are more reliable for quality of service and more interested for their products.

(c) Quality of Service in Claim Settlement

Every insurance company sells the promise to the customers that they will pay the full compensation amount timely when claim occurs. The customers can believe the claim settlement offered by the insurance companies that is transparent and clear in time.

Table 4.4 Quality of Service in Claim Settlement

(Percentage)

Variables	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
Time taken	12	59	24	5	-	100
Staff's role	12	63	20	5	-	100
Formalities	15	49	32	2	2	100
Time by ombudsman	5	37	55	3	-	100
Handling by ombudsman	11	40	45	4	-	100

Source: Survey data (2019)

According to the survey results, the time taken for claim settlement was so long for customers because the roles of the employees in solving claim were more important. Moreover, the ombudsmen (regulators) perform in handling claim settlement so that the claim payment will be taken lots of time to final payment. It was difficult to handle claim settlement quickly so that the technology should be used for time efficiency instead of manual work.

(d) Complaints of the Customers and Service Provided

The nature of problems the insurance companies encounter was about customers' complaints such as claim settlement, sum insured (insured value), premium rating and insufficient information for policy. There is considerable on the complaints of the customers that the people who work at management level in

insurance companies should be valued the customers' feelings and thoughts by listening the customers' feedback.

Table 4.5 Information Provided for the Customers

Characteristics	No. of Respondents	Percent
Sufficient information	24	48
Used to know the data of products and policies	42	84
Used in everyday to know the data of customers	25	50
Updated information	23	46

Source: Survey data (2019)

In the table (4.5), the questions are designed for (Yes/No) for the information provided for the customers in the Website. 48% of the respondents answered that the website data is sufficient for the customers. The survey results state that 84% of insurance companies were used Website for their customers to know about insurance products and policies as well as to know about services of their insurance companies. 50% of the employees in the insurance companies have to use website to know the data of the customers. According to the survey results, 46% of the respondents agreed to display the updated information to the customers. the time taken for claim settlement was so long that they have no time to attend the meetings for the customers arranged in their companies to know the needs and wants of the customers. The basic principle for selling insurance products is to fulfill the customers' needs so that the employees from insurance companies should give special consideration to the customers by arranging and attending the meetings with their customers. By doing so, the good relationship between the customers and the insurance companies will be established and the customers will feel more reliable on the insurance companies.

(e) Impact of Privatization on the Insurance Companies

In the study area, the privatization could cause the insurance companies positive impact. 44% of the respondents believed that the insurance companies improved the overall working in privatization. 42% of the respondents answered that the procedures and formalities of taking insurance policy were improved more than before conditions.

Table 4.6 Privatization of Insurance Business

Characteristics	No. of Respondents	Percent
Overall working of the insurance companies	22	44
Procedures and formalities of taking insurance policies	21	42
The innovation of new policies/ products as the requirements after detarrification	18	36
The behavior and efficiency of employees and agents of insurance companies	20	40
The time taken to settle the claim	25	50

Source: Survey data (2019)

In the table (4.6), 36% of the respondents answered that the tariff for premium rating would be removed so that the new policies can be created and the new products which meet with the customers' needs can be innovated. 40% of the respondents agreed that due to the privatization, the new jobs can be created with high salaries for the better behavior and efficiency of employees. 50% of the respondents believed that the time taken should be reduced to settle the claim with new technology. Based on the survey results, the insurance companies can get other impact of privatization that they should take care of their old customers because the more the customers lose, the less the income of the insurance companies. There can be still many challenges for their employees to grow up their knowledge about information technology and insurance principle by giving training concerned with insurance courses. The insurance companies should try to increase in notification of their employees t work harder, to increase in financial and technical strength and to allow free and independent management in operations.

(f) Benefits for Business

According to the results of the respondents, in order to improve the service quality of the insurance companies to enable it to complete in the globalized, their employees need to be trained for insurance subjects and they also train their mind to think positively. The most important need to change for globalization is that it should make online insurance system. Likewise, the most important point is the service for their customers. Moreover, the insurance regulators should show to implement the

role of intermediaries (i.e., brokers, surveyors, adjusters and agents) to anymore in the insurance industry. The insurance companies should have 24 hours for claim service and quick respond for claim settlement and should issue and deliver policies on time for insurance underwriting processes. To meet the customers' satisfaction, it is needed to note down every feedback or response of the customers and take action to fulfill the gaps or the weaknesses of the insurance companies in operations. They should create more innovative products to compete in globalized environment.

4.2.2 Survey Analysis on the Customers

In order to study the insurance market conditions in Myanmar, survey analysis is presented in seven sections which are the personal details, the reasons for buying insurance policy, the life insurance policy, the comprehensive motor insurance policy, fire insurance policy, the perceptions of insurance business and the benefits from insurance and the data is presented in form of tables.

(a) Personal Details of Respondents (Customers)

The target group of respondents on this survey is based on the 100 people who want to buy or buy insurance in Yangon Region.

Table 4.7 Characteristic of the Respondents

No.	Variable	Characteristics	No. of Respondents	Percent
1.	Sex	Male	32	32
		Female	68	68
		Total	100	100
2.	Age (in years)	Below 30	27	27
		30 to under 45	61	61
		45 to under 60	11	11
		Above 60	1	1
		Total	100	100
3.	Occupation	Business man	1	1
		Employee (Public/ Private)	83	83
		Others	16	16
		Total	100	100
4.	Monthly income (in Ks.)	Under 150,000	3	3
		150,000 to under 300,000	48	48
		300,000 to under 500,000	22	22
		Others	27	27
		Total	100	100

Source: Survey data (2019)

As shown in table (4.7), a total of 100 people responded to the questionnaire in this study. The majority of the respondents (68% or 68) are female. The data obtained from the questionnaire reveals that 61 respondents between 30 to under 45 of age representing (61%), formed the majority. 27 respondents, each below 30 years of age

representing (27%) and 11 respondents, each between 45 to under 60 of age representing (11%) and 1 respondent is over 60 age.

The majority of 83 respondents (83%) are the employee (Public/ Private). The data obtained from the questionnaire reveals that 16 respondents are any other (occupation) representing (16%) and 1 respondent is a business man. According to the results, 48 respondents between 150,000 to under 300,000 of monthly income (in Ks.) representing (48%), formed the majority. 27 respondents, each others of monthly income (in Ks.) representing (27%) and 22 respondents, each between 300,000 to under 500,000 of monthly income (in Ks.) representing (22%) and 3 respondents (3%) are under 150,000 of monthly income.

(b) Reasons for Buying Insurance Policy

It was found that the insurance policies were bought 45% if respondents who bought at least one insurance policy and 54.8% others. The persons who bought insurance policies were more interested in comprehensive motor insurance.

Table 4.8 Knowledge on Insurance Products in Myanmar

Characteristics	No. of Respondents	Percent
Buying insurance policies (at least one)	45	45
Not buying insurance policies	55	55
Getting claim settlement from insurance	80	80
Asking claim at least once	64	64
Paying premium without absence	92	92
Getting bonus from insurance	81	81

Source: Survey data (2019)

In this study, any claim settlement from any insurance company has been made 80% of respondents and they made at least one time for claim settlement (64%). 92% of the customers were not absent to pay premium so that they were not denied for claim settlement from insurance companies. 81% of people got bonus from insurance companies because they did not cancel their insurance policy. Based on the survey results, the insurance products should be advertised to know the benefits of buying insurance policies such as getting bonus and paying claim settlement to the customers more than as usual.

(c) Life Insurance Policy

According to the survey results, half of the respondents have known that life insurance products were saving-type insurance policies and the remained half did not know about it. It was found that the life insurance.

Table 4.9 Knowledge on Life Insurance Policy

Characteristics	No. of Respondents (Agree)	No. of Respondents (Disagree)	No. of Respondents (Do not know)	Total
Life insurance is a saving type insurance policy	50	27	23	100
The premium payment amount for health insurance is affordable for any person.	56	21	23	100
Health insurance policy can be bought easily.	50	22	28	100
I have discussed with my friends about life insurance policy which should be bought for any person.	49	30	21	100
Life insurance policy covers death only.	35	46	19	100
For the employees who are going to abroad to work, life insurance policy can be bought easily.	44	17	39	100

Source: Survey data (2019)

The health insurance policy was known by the half of the respondents (50%) who supposed that it was so easy to buy it. Most of the respondents (49%) often with their friends about life insurance policy which should be bought for any person. 46% of respondents knew well about the coverages of life insurance products which covers not only for death but also for bodily injuries. 44% of the respondents have known that the special kind of life insurance products for workers abroad was offered by

insurance companies so that they could get this coverage even abroad. Based on the survey results, the insurance companies should organize insurance awareness programs to the customers.

(d) Comprehensive Motor Insurance Policy

According to the survey results, 92% of the respondents have known that every motor owner should have comprehensive motor insurance policy. 87% of the respondents have the knowledge that it can be safe for the damages from any accident if he bought comprehensive motor insurance policy.

Table 4.10 Awareness on Comprehensive Motor Insurance Policy

Characteristics	No. of Respondents (Agree)	No. of Respondents (Disagree)	No. of Respondents (Do not know)	Total
Every motor owner should have comprehensive motor insurance policy.	92	1	7	100
Whether can be safe for the damages from any accident.	87	2	11	100
Whether can feel satisfied in the claim settlement	47	14	39	100
Whether get the full amount of compensation	29	22	49	100
Whether have been denied about claim	6	25	69	100
Whether used to encourage to your friends to buy policy	69	8	23	100

Source: Survey data (2019)

Although 92% of respondents thought that its policy should have in every motor owner, 49% of the respondents did not know the fact that the insurance company would pay the full amount of compensation when the total loss occurs. 87% of the respondents accepted that motor insurance can be safe for the damages from any accident. 47% of the respondents felt satisfied in the claim settlement from

insurance companies when the claim occurred. 69% of the respondents usually encourage buying policy to their friends so that mouth-advertising is more useful in comprehensive motor insurance policy.

(e) Fire Insurance Policy

In this study, 76% of the respondents felt the loss caused by fire either by themselves or his surroundings so that most of the respondents can know the fire insurance policy as well.

Table 4.11 Awareness on Fire Insurance Policy

Characteristics	No. of Respondents (Agree)	No. of Respondents (Disagree)	No. of Respondents (Do not know)	Total
Whether having knowledge the loss caused by the fire	76	15	9	100
Whether knowing about the claim compensation	41	21	38	100
Whether knowing the coverages for buildings but also for property	41	22	37	100
Whether knowing fire insurance policy including theft cover.	27	16	57	100
Whether knowing the fire premium rating	27	29	44	100
Whether used to encourage to your friends to buy fire policy	55	13	32	100

Source: Survey data (2019)

Although 41% of the respondents have the knowledge about the claim compensation in the fire insurance policy, 38% of the respondents did not know the additional coverages such as property insurance policy and theft associated with fire insurance policy. 44% of the respondents felt that the premium for fire insurance policy was very expensive so that the insurance companies should consider for the

premium rating again being affordable price for anyone. Like comprehensive motor insurance policy, fire insurance policy is more popular than life insurance policy because mouth-advertising for it is 55% of the respondents.

(f) Perceptions of Insurance Business

Based on the survey results, 60% of the respondents accepted the insurance companies that they were experts in insurance knowledge so that many respondents have positive attitude in insurance companies.

Table 4.12 Perception of the Customers in Insurance Business

Characteristics	No. of Respondents (Agree)	No. of Respondents (Disagree)	No. of Respondents (Do not know)	Total
Experts in insurance knowledge	60	20	20	100
Satisfaction in problem solving	48	18	34	100
Fully provide their promise as they sell	44	17	39	100
Provide claim settlement at once	40	20	40	100
Follow the business ethics	44	19	37	100
Have sound in finance	40	12	48	100

Source: Survey data (2019)

In this study, 48% of the respondents believed that the insurance companies can solve the problems until getting satisfaction of the customers when they occurred the complaints from the customers about their insurance coverages. 44% of the respondents accepted that insurance companies fully provide their promise that giving in selling their insurance products to the customers. 40% of the respondents agreed that the insurance companies provide the claim settlement at once and 44% of the respondents believed that the insurance companies provide their promise fully when they sell their insurance products by choosing the right insurance coverages as the customers' needs.

Out of the total respondents 44% accepted that the insurance companies follow the business ethics about their customers. For these reasons, the respondents have positive perceptions in insurance business. Moreover, 40% of the respondents accepted that the insurance companies in Myanmar have sound in finance so that if the price is allowed in differentiation, they can compete in selling insurance products more than before. By doing so, the insurance market will increase because of the customers' positive perception in insurance business.

(g) Benefits from Insurance

It was found that the benefits from insurance to the customers that would deliver by the insurance companies was very large in agreement and it was nearly two-third of respondents who were considered the benefits from insurance was very useful for everyone.

Table 4.13 Knowledge of the Customers on the Benefits from Insurance

Characteristics	No. of Respondents (Agree)	No. of Respondents (Disagree)	No. of Respondents (Do not know)	Total
Insurance can remedy the loss when claim occurs.	89	5	6	100
The medical expenses can be recovered in hospitalization if health insurance is bought.	37	31	32	100
By buying comprehensive motor insurance, the customer can feel safe not only for the damages of his vehicle but also for the damages of other vehicles.	78	13	9	100
Due to the formation of insurance companies, it can protect our property by paying compensation.	72	14	14	100
Due to the help of providing insurance companies, the financial problem for the loss can be lessened for the customers.	73	8	19	100
Insurance system should play an essential role in a country due to the remedy the loss for many customers.	83	7	10	100
If the state-owned property is insured, the loss caused by natural disasters such as fire can be lessened.	75	11	14	100
Only insurance system can be stable the financial conditions of the state.	67	9	24	100

Source: Survey data (2019)

In this study, 89% the respondents agreed that insurance system can remedy the loss when claim such as fire, earthquake, hurricane and accident occur. Only 37% of the respondents believed that the medical expenses can be recovered in hospitalization if health insurance is bought so that they did not like for health insurance policy. 78% of the respondents agreed that the customer can feel safe not only for the damages of his vehicle but also for the damages of other vehicles if he bought its policy.

According to the survey results, 73% of the respondents believed that the financial problem for the loss can be lessened for the customers due to the help of providing insurance companies. Insurance can do not only protection of individual property but also lessening the financial problem to their customers. 83% of the respondents agreed that insurance system should play an essential role in a country due to the remedy the loss for many customers. The loss caused by the natural disasters cannot avoid, but the insurance system can reduce the effects of the loss by transferring these risks to the insurance companies.

Based on the survey results, 75% of the respondents believed that the loss caused by natural disasters such as fire can be lessened if the state-owned property is insured. By buying insurance policy for the state-owned property such as President's house, hotels, oil and gas operation, airlines operation and shipping, the loss caused by the natural disasters can be lessened. Moreover, 67% of the respondents strongly agreed that only insurance system can be stable the financial conditions of the state.

CHAPTER 5

CONCLUSION

This study focused on the insurance market development in Myanmar by analyzing the benefits of business and the benefits of customer from the insurance sector. Besides, the findings and recommendations derived from the study are also discussed.

5.1 Findings

The employees of the insurance companies are neat in appearance and willing to use modern equipment and technology. The insurance products and price are not allowed to be different for insurance companies so that they all sell the same products with the fixed price. The customers can choose the service the insurance companies offer only. The public awareness programs for insurance knowledge are unpopular in Myanmar because they used to spend their time with manual work. Although the insurance companies want to perform the service right at once, they have no technology for error free records. For claim settlement, they have to check the damages and then calculate the estimated cost with manual so that it is the time taken for payment. The agents play an important role in insurance market but some of them break the rules and ethics in competition of getting more customers. Most of the insurance products are out-of-dated and unfit with the current age so that the customers are not interested in them.

Moreover, the 24 hours service cannot provide all the insurance companies for the customers when the claim occurs. The employees are less in experiences so that the customers cannot choose the right service as they want. Most of the insurance companies have sound financial conditions and customers are reliable and satisfied on the claim payment. The regulators take action on regarding handling of the complaints such as under-insurance and claim settlement. The website data are useful for the customers who want to know about the service of the products and policies of the insurance companies. Therefore, the customers have positive perception in insurance business.

By allowing Joint Ventures and 100% foreign life insurance companies for liberalization, more insurance products can offer as a wide variety so that the insurance market is the condition to be developed faster and better. Low penetration rate and density is paving the way to progress market potentials for Myanmar population of 52 million.

5.2 Recommendations

In order to improve the service quality of the insurance companies to enable it to complete in the globalized, their employees need to be trained for insurance subjects and they also train their mind to think positively. Therefore, the insurance companies should promote their human resources to be skillful by training them joint with international insurance institute opened in Myanmar. To be interested in insurance products, the insurance companies should try in creation of new products which are updated and fit for current needs of the customers. To regulate the agents and insurance companies who break the ethics and rules, the regulators should take action strongly not committing again.

For liberalization, proper regulations and guidelines should be set up in order to promote fair and healthy competition among the insurance companies as well as red-flag unethical business competitions, such as pricing, headhunting and advertising. Each insurance company should make sure that in the long run all skills are present in the organization. For low penetration rate, the insurance companies should organize the public programs more than as usual. The insurance companies should have 24 hours for claim service and quick respond for claim settlement and should issue and deliver policies on time for insurance underwriting processes. To meet the customers' satisfaction, it is needed to note down every feedback of customers' response and take action to fulfill the gaps of the insurance companies' weakness in operations. The insurance market needs to come up with a much more efficient system to mass produce qualified agents and distribution channels to boost insurance penetration in Myanmar.

REFERENCES

- Balach and Wran, S. (2001), "Customer Driven Services Management", SAGE Publications Pvt. Ltd
- Balasubramanian, T.S. & Gupta, S.P. (2000), "Insurance Business Environment", Mumbai Insurance Institute of India
- Bosworth, B. P & Triplett, J. E. (2004), "Price, Output, and Productivity of Insurance: Conceptual Issues." Productivity in the U.S. Services Sector: New Sources of Economic Growth, Brookings Institution Press, 123-176
- Browne, M. J., J. Chung, & E.W. Frees (2000), "International Property-Liability Insurance Consumption", *Journal of Risk and Insurance*, 67(1): 73-90.
- Dickson, P. G. M. (1960), "*The History of Two and a Half Centuries of British Insurance*", London: Oxford University Press, 324
- Din1, S.M. (2017), "*Does insurance promote economic growth: A comparative study of developed and emerging/ developing economies*", *Cogent Economics & Finance* (2017), 5: 1390029
- Drennan, L. (2013), *Principle of Risk Management and Insurance*, Risk Management, 5(3), 65-66
- Ward, D., & Zurbruegg, R. (2004), "Law and the determinants of Property-Casualty insurance", *Journal of Risk and Insurance*, 71(2): 265-283.
- Faris, S. (2018), What Are the Benefits of Insurance to Society? Bizfluent News & Media Company
- Haiss, P. & Sümegi, K. (2008). "The relationship between insurance and economic growth in Europe: a theoretical and empirical analysis", *Empirical*, 35 (4): 405-431.
- International Research Journal of Finance and Economics (2009), *EuroJournals Publishing, Inc.*, 34
- Iowa Insurance Institute (2019), How the insurance industry helps stimulate the economy, Department of Economics
- Jappelli, T. & Pagano, M. (1994). Saving, growth, and liquidity constraints. *The Quarterly Journal of Economics*, Vol. 109, No. 1, pp- 83-109
- Lamm-Tennant, J., & Dominedo, S. (2013), Insurance for Economic Growth: closing the Gaps, Intelligent insurer Company

- Marlar Nyunt. (MPA 6th Batch, 2010), Life Insurance in Myanmar: unpublished MPA thesis
- Novinson, E. (2017), “The Role of Insurance in an Economy”, Bizfluent News & Media Company
- Outreville & J. François. (2011), The relationship between insurance growth and economic development, International Centre for Economic Research
- Outreville & J. François (2012), Theory and practice of insurance springer science &business media
- Pann Ei Phyu. (2018): A study on Myanma Insurance Enterprise, Yangon University of Economics, MBF paper
- Roy, P.K. (2008): “*Prospects and Problems of Insurance Sector in Bangladesh: Challenges Ahead*”, Paper presented in a seminar at Dhaka
- Sandar Oo, (2018), “*Myanmar Insurance Market at a Glance*”, Insurance Newsletter,02 (2)
- Sinha. A. K, (2005), “The Indian Insurance Industry: Challenges and prospects”, Centre for Risk & Insurance Studies, Discussion Paper studies, (X): 25-26
- Stojakovic, A., & Jeremic, L., (2016), Development of the insurance sector and economic growth in countries in transition, *Megatrend revija*, 13(3), 83-106
- Ward, D., and R. Zurbruegg, (2000), “Does Insurance Promote Economic Growth? Evidence from OECD Countries”, *Journal of Risk and Insurance*, 67(4): 489-506
- Williams, Jr., (1997). “Risk Management and Insurance”, McGraw-Hill Education (ISE Editions)

Websites

<http://www.bis.org/publ/cgfs22ecb.pdf>

<http://www.ecb.int/pub/pdf/scopes/ecbocp14.pdf> Beck, T.,

<http://www.eurojournals.com/finance>

<http://www.eurojournals.com/finance.htm>

<https://bizfluent.com/info-7851933-benefits-insurance-society.html>

<https://doi.org/10.1080/23322039.2017.1390029>

<https://iowains.org/how-the-insurance-industry-helps-stimulate-the-economy/>

<https://panaceagroup.com/uncategorized/business-benefits-of-insurance/>

<https://www.amazon.com/Risk-Management-Insurance-Arthur-Williams/dp/>

Survey Questionnaire on Research Topic

Dear Respondent, I wish to inform you that I am pursuing my research on the topic" **A study on the insurance market development in Myanmar**".

This survey is intended to study in doing research for Master of Public Administration, Yangon University of Economics.

As you are aware, the world is now being challenged by the natural disasters with the growth age. Although human beings cannot prevent these risks till now, we can do it by reducing risk. In other words, the insurance system is an essential thing that can remedy the loss by financial means when we can use it in recovery process. My study is intended to know the people in Myanmar about the importance of insurance system.

"A study on the insurance market development in Myanmar"

(Questionnaire to be filled by any person who is over eighteen years and work in any position.)

Contribution - Your answers will be represented whether the public have the knowledge in insurance sector and the conditions of the development of Myanmar Insurance Sector or not, so that I am very thankful to you because your cooperation will be contributed to the development of insurance sector in Myanmar.

Confidentiality for your information - I assure you that the information provided by you will be used for the purpose of academic research only and kept strictly confidential. Your name will not be filled in paper. Thank you for your cooperation.

Fill in the blank or tick mark (✓) the appropriate response. All information is strictly used for Research purpose.

(a) Profile of respondent

1. City :
2. Sex (Male/ Female) :
3. Age (in years) :

<input type="radio"/> Below 30	<input type="radio"/> 30 to under 45	<input type="radio"/> 45 to under 60	<input type="radio"/> Above 60
--------------------------------	--------------------------------------	--------------------------------------	--------------------------------

4. Education :

<input type="radio"/> Passed Matriculation	<input type="radio"/> Under Graduate	<input type="radio"/> Graduate	<input type="radio"/> Post Graduate
--	--------------------------------------	--------------------------------	-------------------------------------

5. Occupation :

<input type="radio"/> Business man	<input type="radio"/> Employee (Public/ Private)	<input type="radio"/> Any other (specify) -----
------------------------------------	--	--

6. Monthly Income (in Ks.) :

<input type="radio"/> Under 150,000	<input type="radio"/> 150,000 to Under 300,000	<input type="radio"/> 300,000 to under 500,000	<input type="radio"/> Any other (specify) -----
-------------------------------------	---	---	--

b. DIRECTIONS: Please show the extent to which you think and there is no right or wrong answers- kindly tick (✓) the box that truly reflects your feelings regarding **about buying insurance policy** described by each statement.

7. Do you have any insurance policy?

<input type="radio"/> Yes	<input type="radio"/> No
---------------------------	--------------------------

8. If so, how many insurance policies do you have?

<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> Above 3
-------------------------	-------------------------	-------------------------	-------------------------------

9. Have you received any claim settlement from any insurance company?

<input type="radio"/> Not for claim	<input type="radio"/> Received
-------------------------------------	--------------------------------

11. How many times do you receive the claim settlement from insurance policies?

<input type="radio"/> once	<input type="radio"/> twice	<input type="radio"/> above twice
----------------------------	-----------------------------	-----------------------------------

12. Have you been absent to pay premium?

<input type="radio"/> Yes	<input type="radio"/> No
---------------------------	--------------------------

13. Have you received any Bonus from the insurance companies?

<input type="radio"/> Yes	<input type="radio"/> No
---------------------------	--------------------------

c. DIRECTIONS: Please show the extent to which you think and there is no right or wrong answers- kindly tick (✓) the box that truly reflects your feelings regarding **life insurance policy** described by each statement.

No.	Content	Agree	Disagree	Not Knowing
14.	Life insurance is a saving type insurance policy.			

15.	The premium payment amount for health insurance is affordable for any person.			
16.	Health insurance policy can be bought easily.			
17.	I have discussed with my friends about life insurance policy which should be bought for any person.			
18.	Life insurance policy covers death only.			
19.	For the employees who are going to abroad to work, life insurance policy can be bought easily.			

- d. DIRECTIONS: Please show the extent to which you think and there is no right or wrong answers- kindly tick (✓) the box that truly reflects your feelings regarding **comprehensive motor insurance policy** described by each statement.

No.	Content	Agree	Disagree	Not Knowing
20.	Every motor owner should have comprehensive motor insurance policy.			
21.	By buying comprehensive motor insurance policy, it can be safe for the damages from any accident.			
22.	The customer can feel satisfied in the claim settlement from insurance companies when the claim occurs.			
23.	When claim occurs, the insurance company pays the full amount of compensation.			
24.	You have been denied about claim under comprehensive motor insurance policy.			
25.	You used to encourage to your friends to buy comprehensive motor insurance policy.			

- e. DIRECTIONS: Please show the extent to which you think and there is no right or wrong answers- kindly tick (√) the box that truly reflects your feelings regarding **fire insurance policy** described by each statement.

No.	Content	Agree	Disagree	Not Knowing
26.	You or your surroundings had felt the loss due to the fire.			
27.	You can claim the compensation from the insurance company easily if you suffer the damages of fire.			
28.	Fire insurance policy includes not only cover for buildings but also for property.			
29.	You can buy fire insurance policy associated with theft cover.			
30.	You feel that the premium for fire insurance policy is very expensive.			
31.	You used to encourage to your friends to buy fire insurance policy.			

- f. DIRECTIONS: Please show the extent to which you think and there is no right or wrong answers- kindly tick (√) the box that truly reflects your feelings regarding **the perceptions of insurance business** described by each statement.

No.	Content	Agree	Disagree	Not Knowing
32.	The employees from insurance companies are experts in insurance knowledge.			
33.	Insurance companies solve the problems until satisfaction of the customer when they feel dissatisfaction about insurance coverages.			

34.	Insurance companies fully provide their promise that giving in selling their insurance products to the customers.			
35.	Insurance companies provide the claim settlement at once when the claim occurs.			
36.	Insurance companies follow the business ethics about their customers.			
37.	Insurance companies in Myanmar have sound in finance.			

- g. DIRECTIONS: Please show the extent to which you think and there is no right or wrong answers- kindly tick (✓) the box that truly reflects your feelings regarding **the benefits from insurance** described by each statement.

No.	Content	Agree	Disagree	Not Knowing
38.	Insurance can remedy the loss when claim occurs.			
39.	The medical expenses can be recovered in hospitalization if health insurance is bought.			
40.	By buying comprehensive motor insurance, the customer can feel safe not only for the damages of his vehicle but also for the damages of other vehicles.			
41.	Due to the formation of insurance companies, it can protect our property by paying compensation.			
42.	Due to the help of providing insurance companies, the financial problem for the loss can be lessened for the customers.			
43.	Insurance system should play an essential role in a country due to the remedy the loss for many customers.			

44.	If the state-owned property is insured, the loss caused by natural disasters such as fire can be lessened.			
45.	Only insurance system can be stable the financial conditions of the state.			

Thank you so much for your cooperation!

Survey Questionnaire on Research Topic

Dear Respondent, I wish to inform you that I am pursuing my research on the topic "**A study on the insurance market development in Myanmar**".

As you are aware, the Insurance Companies have been compelled to review their philosophy and method of working, in order to be ready for competition and for their survival. In a competitive environment, since the customer is the focus of the business, not only marketing practices acquire critical importance, but the manner in which the customer is served also needs close attention. The customer is now much better informed, and his expectations are on the rise in marketing. The top priority of the Insurance Companies is to retain and attract highly-valued and delighted customers. My study analyzes that how far the Public and the Private Sector Insurance Companies have been able to provide better service quality to their customers in order to improve insurance market in Myanmar. I request to you to respond to all the questions. I assure you that the information provided by you will be used for the purpose of academic research only and kept strictly confidential.

"A study on the insurance market development in Myanmar"

(Questionnaire to be filled by the person who plays at management level in insurance companies.)

Fill in the blank or tick mark (✓) the appropriate response. All information is strictly used for Research purpose.

Section A

Sex (Male/ Female) :

Age (in years) :

- ☐ Below 30
- ☐ 30 to 45
- ☐ 45 to 60

- Above 60

Education :

- Below Matric under Graduate
- Graduate/ Post Graduate
- Professional Degree

Occupation :

- CEO
- Administrative officer
- Senior officer
- Any other (specify) -----

Monthly Income (in Ks.) :

- Below 1,000,000
- 1,000,000 - 2,000,000
- Above 2,000,000

(B) DIRECTIONS: Please show the extent to which you think such an Insurance Company would possess the feature described by each statement. There is no right or wrong answers- kindly tick (✓) the box that truly reflects your feelings regarding Insurance Companies that would deliver excellent quality of service.

No.	Content	Agree	Neutral	Disagree
1.	Insurance Companies have modern equipment and technology.			
2.	Employees and agents of Insurance Companies are neat in appearance.			
3.	Insurance Company insist on error free records (i.e. issuing error-free bills, statements, receipts, contracts, etc.)			
4.	Insurance Companies issue contract of Insurance policies with clear and transparent terms.			
5.	Insurance Companies settle customers' claims without any delay.			

6.	Insurance Companies have sound financial strength.			
7.	Excellent Insurance companies differentiate adequately their products and services.			
8.	Insurance Companies have operating hours convenient to all their customers.			

(C) DIRECTIONS: Please show the extent to which you think such an Insurance Company would possess the feature described by each statement. There is no right or wrong answers- kindly tick (√) the box that truly reflects your feelings regarding Insurance Companies that would deliver excellent quality of service in claim settlement.

No.	Content	Satisfactory	Neutral	Dissatisfactory
1.	Your opinion regarding time taken to settle the claim			
2.	Your opinion regarding the role played by the employee of your company during the claim settlement process			
3.	Your opinion regarding claim settlement formalities of your company			
4.	Time taken to dispose of the complaint by ombudsman.			
5.	Your experience regarding handling of complaint by ombudsman			

(D) DIRECTIONS: Please show the extent to which you think such an Insurance Company would possess the feature described by each statement. There is no right or wrong answers- kindly tick (√) the box that truly reflects your feelings regarding Insurance Companies that would deliver excellent information for customer.

- Does your Insurance Company have a website?
 - ☐ Yes
 - ☐ No

2. Your opinion regarding information displayed on site is
 - ☐ Very Sufficient
 - ☐ Sufficient
 - ☐ Very Insufficient
3. If 'yes', have you ever used the website of your company?
 - ☐ Yes
 - ☐ No
4. Is the site regularly updated?
 - ☐ Yes
 - ☐ No
 - ☐ Not Aware
5. Have you ever faced any problem during the whole process of Insurance?
 - ☐ Yes
 - ☐ No
6. If 'Yes', please state the nature of problem _____
7. Whether the customers' meetings are arranged in your company?
 - ☐ Yes
 - ☐ No

(E) Impact of Privatization In your opinion, what is the impact of privatization on your Insurance Company over a period of time regarding: (Please tick (√) the appropriate box.)

No.	Content	Improved	Remained same	Deterio rated
1.	The overall working of your company			
2.	The procedure and formalities of taking insurance policy			
3.	The price (s) of policy(s) after desertification			
4.	The innovation of new policy(s)/product(s) as per your requirement after detarrification			

5.	The behavior and efficiency of employee(s) and agent(s) of your company			
6.	The time taken to settle the claim			

Any other impact of privatization on your company (Please specify)

Please give your suggestion to improve the service quality of the Insurance Company to enable it to compete in the globalized environment.

(Thanks for your cooperation)