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**IMPACT OF INSURANCE MARKET LIBERALIZATION  
ON MYANMAR INSURANCE INDUSTRY**

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# **IMPACT OF INSURANCE MARKET LIBERALIZATION ON MYANMAR INSURANCE INDUSTRY**

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## **ABSTRACT**

Insurance is an important and growing part of the financial sector in developing countries. Insurance market liberalization is also essential for the country to develop and keep a grip on the budget deficit. Liberalizing the insurance market in Myanmar is critically important not just because penetration rate in Myanmar remain the lowest in the region. The objectives of the study are to examine the impact of insurance market liberalization on Myanmar insurance industry. This study focus on impact of insurance market liberalization on Myanmar insurance industry during the local insurers started to enter Myanmar insurance industry by considering on macroeconomic variables (in terms of insurance penetration and density, underwritten premium and claim ratio) during FY 2014-15 to 2018 (April-September). This study is used both primary and secondary data collected from different sources with relevant survey methods. It was found that the liberalization of insurance market in Myanmar is strongly related to the steadily development of insurance industry and sustainable growth of Myanmar economy. In addition, most of the policyholder is fairly satisfying on the efficiency and performance of insurance industry in Myanmar but some are still confusing on benefits of insurance system.

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## **LIST OF ABBREVIATIONS**

CBM	- Central Bank of Myanmar
EoI	- Expression of Interest
FDI	- Foreign Direct Investment
FRD	- Financial Regulatory Department
GATS	- General Agreement on Trade in Services
GDP	- Gross Domestic Products
GWP	- Gross Written Premiums
IBRB	- Insurance Business Regulatory Board
IBSB	- Insurance Business Supervisory Board
IRS	- Insurance Regulation and Supervision
JV	- Joint Venture
MAT	- Marine, Aviation and Transport
MI	- Myanma Insurance
MIA	- Myanmar Insurance Association
MoPF	- Ministry of Planning and Finance
MSC	- Microfinance Supervisory Committee
OECD	- Economic Co-operation and Development
RfPs	- Request for Proposals
SECM	- Securities and Exchange Commission of Myanmar
SEZ	- Special Economic Zone
WTO	- World Trade Organization
YSX	- Yangon Stock Exchange

## CHAPTER I

### INTRODUCTION

As the financial sector is critically important for economic development, most of the governments in developing countries intervene in the financial sector to achieve macroeconomic and financial stability. Many studies show that government control and intervention in the financial system limits the operation of market mechanism, lead to financial repression, and slow economic development. For these reason, governments became increasingly aware that governmental intervention in the financial system had failed. As a result, restrictions had been relaxed in developing countries during the 1970s and 1980s. In other words, governments have introduced different financial reform packages to relax restrictions gradually to develop the financial sector.

In an international practice there is a vest literature on factors affecting economic growth and different factors supporting this process. Most of the literature is, however, concentrated on specific problem related to the banking industry or capital markets and possible solutions to overcome challenges they pose. In the last decades a strong consensus has emerged that there is a significantly positive correlation between banking/financial industry development and a country's economic growth (Levine, 1997; Levine, Loayza, and Beck, 2000).

Apart from the main determinants of economic growth (such as components of GDP, the banking sector, government policies, etc.) insurance markets may fairly be considered as being closely related to economic growth and stability of financial system of a country. The insurance sector contributes to economic development through issuing insurance policies, efficiently changeling savings to finance real investment projects. In addition, insurance is considered to be a complementary to the banking system, and a facilitator of growth enhancing financial advancement of the country (Grace, Rebello, 1993).

Insurance is an important and growing part of the financial in virtually all developed and some developing counties. A robust and well-regulated insurance industry can strongly contribute to growth of economy and resources allocation through transfer of risk and saving mobilization. Besides, it can improve financial system efficiency by reducing transaction costs, creating liquidity, and facilitating economies of scale in investment. Initially economists were considering insurance primarily as a technique to minimize and manage risk. Later insurance impacts were

linked to financial stability, government security programs, facilitation of trade and commerce, and a country's general economic growth (Skipper, 2001). (Arena, 2008) notes, when summarizing an earlier study by (Skipper, 1997), that "evolution of insurance industry can influence economic growth by mobilizing domestic saving, allowing different risks to be managed more efficiently, thus encouraging the accumulation of new capital, boosting financial stability and decreasing anxiety, facilitating trade and commerce, supporting to lessen or mitigate losses, and improving a more efficient allocation of domestic capital".

Myanmar is now gaining acceleration in its move towards of robust economic growth. Formation of the economic began in 2017, under the Myanmar Companies Act. The country is also writing partnership law in accordance with the prevailing situation. After undergoing a step-by-step reform process, the Union of Myanmar Investment Law (2016) was enacted, and the country has been attracting foreign direct investment (FDI) through it.

The most important portion of the economic strategy is the better international relations that Myanmar has been enjoying since 2016. The positive trend has paved the way for the establishment of foreign banks and insurance companies in the country, which can be said the dawn of the new economic age. It will certainly reach the stage of welcoming international capital flow.

After almost half a century being shut and monopolization of the country's insurance sector, Myanmar opened its door to both domestic as well as International insurers very recently. However, the transformations have been rapid and throughout all sectors. A dozen of domestic private insurers have been formed since 2013, while an array of some eminent multinational insurers too has opened their representative offices in the country. Also, three international insurers of repute have even been allowed to conduct business domestically, although they are limited to the Thilawa Special Economic Zone (SEZ). It was the initial and crucial steps have been taken and conditions prevailing for accelerated development.

The year also marked the 2<sup>nd</sup> census report being published in the country which was a milestone in itself. 2014 census report reveals the latest demographics of Myanmar which was reported to be approximately 51 million and a half. The distribution of the total population is around 30 percent comprising the urban class and the rest is fairly a large rural population of 70 percent. However, with a flourishing middle class and a population of over 51 million growing at 0.89 percent

per annum, only 2 million out of a population of more than 50 million are insured, insurance penetration is still just under 0.1 percent of GDP, the lowest in this region. According to CBM, total gross written premiums (GWP) amounted to approximately K33.9 billion in the first quarter of 2017. Consequently, Myanmar's statistics certainly have been attracting investors' attention from across the globe.

## **1.1 Rationale of the Study**

Insurance liberalization is essential for the country to develop and keep a grip on the budget deficit. Insurance plays a significant role in supplying long-term capital to national economy and accelerating the process of self-generation of the gross production of national saving.

Liberalizing the insurance sector is important not just because penetration rates in Myanmar remain the lowest in the region. Enabling global insurance providers to operate here will help the country develop a deeper bond market, enabling the government to raise sovereign debt to plug the budget deficit. At present the government is greatly depends on central bank borrowing to remedy the deficit, which leads to higher inflation. Insurance firms are among the biggest investor in sovereign bonds.

As a pave in series of insurance market liberalization processes of Myanmar, as soon as the opening of year 2019, the Ministry of Planning and Finance (MoPF) had issued a remarkable step of reforming announcement to invite Expression of Interest (EoI) and Request for Proposals (RfPs) from local and foreign insurers to conduct insurance business in Myanmar. The process will be facilitated by the Financial Regulatory Department (FRD).

According to the announcement, life insurance providers will be given two options to operate life insurance business in Myanmar. The first option is not more than three licenses for foreign life insurance companies to operate 100 percent wholly owned subsidiaries. The second allows foreign life insurance company with a representative office in Myanmar to form a joint-venture with a local life insurance company. At the same time, non-life insurance providers with rep offices in Myanmar will be allowed to form a JV with non-life local insurance company.

On 31 July 2019, MoPF announced the successful applicants for insurance business in Myanmar to be operated by a joint venture between a Myanmar insurer and a foreign insurer with Announcement No.(3/2019) for 3 life JV insurance

companies and Announcement No.(4/2019) for 3 non-life JV insurance companies. Allowing of foreign investors into Myanmar insurance industry can higher competition among insurance business on an international level and will force the industry to change direction, be more dynamic and innovate. They will encourage local insurers to make use of technology to compete with the new foreign competition. Opening the market to international companies is good opportunity for creating jobs, good for the economy, and good for national development.

## **1.2 Objectives of the Study**

The objectives of the study are as follow:

- (1) To identify the liberalization of insurance industry in Myanmar, and
- (2) To analyze the impacts of insurance market liberalization on Myanmar Insurance Industry.

## **1.3 Method of Study**

This study is mainly focus on analyze the impacts of insurance market liberalization on Myanmar insurance industry. The observation is mainly used descriptive method. To obtain the objectives of the study, both of primary data and secondary data are used in this study. The research method adopted in the study is questionnaires survey method for the collection of the primary data. The target sample unit is 100 persons of existing policyholders. The existing policyholders are consisting of both male and female from different insurers operating in Yangon region. Since the impact of liberalization is conceptualized mainly on the basis of customer's reactions and assessment on the issue, the policyholders are the main source of information for the study (Jacob, Mathew, 2011).

In the other hand, the secondary data used in the research are collected from different sources like Myanmar Insurance Association (MIA), Financial Regulatory Department (FRD), Insurance Business Regulatory Board (IBRB), relevant articles and text books, reports, previous research papers, newspapers, journals, magazines that have been written on the subject. In order to analyze the macro level variables like insurance density, insurance penetration the study is used the descriptive methods. To evaluate number of insurers granting license to operate insurance business in Myanmar in different periods, progress in number of insurance policies, policy value, acceptance of premium underwritten and claim ratio, the study is also

used descriptive methods. Mean and standard deviation were the statistical measures used for the analysis of data. Tables, graphs, narrative texts were appropriately used for the presentation and display of data.

#### **1.4 Scope and limitation of the Study**

This study is covered the impact of insurance market liberalization on the Myanmar insurance industry during the entry of local private insurers to Myanmar insurance industry on May 2013 to granted license to foreign insurers to operate insurance business in Myanmar on November 2019. The analysis of secondary data is only focus on the fiscal year 2014-15 to 2018 (April to September) based on availability of official data. The limitation of study is that the survey is conducted in only Yangon region according to the highest insurance penetration.

#### **1.5 Organization of Study**

This study is organized into five chapters. Chapter 1 is the introductory chapter including rationale, objectives, method, scope, and organization of study. Chapter 2 is presenting the literature review of impact on insurance market liberalization; Chapter 3 is overview of insurance market in Myanmar; Chapter 4 illustrate the analysis on impact of insurance market liberalization on the Myanmar insurance industry and Chapter 5 is conclusion with findings, recommendations and suggestion of the study.

## **CHAPTER II**

### **LITERATURE REVIEW**

In this chapter presented the theoretical background on insurance, economic liberalization, and impact of insurance market liberalization on insurance industry. It is also provided the some prominent literature on the topic of insurance market liberalization and related trends.

#### **2.1 Concept of Insurance**

Insurance is a method of protecting people from financial loss. Protection is accomplished by the transfer of the chance of loss from the individual to the group to which he or she belongs. A small amount of money called premium is collected from each member of the group and is then used to pay those members who suffer financial loss (Craig, A. C. and Judith, A. L., 2003). According to (Emmanuel, C. O., 2001), insurance is defined as a contract whereby one party, called the insurer, agrees in consideration of the money paid to him called, the premium, by another person or party known as the insured, to indemnify him (the insured) against any loss resulting to him on the happening of certain events, or to pay a certain specified sum of money on the happening of the specified event or events. (Holyoake, j. and Weipers, B., 2005) opines that insurance acts as a stimulus for the activity of businesses that are already in existence. This is done through the release of funds for investment in the productive side of the business, which would otherwise have to be held in easily accessible reserves to cover any future loss. From the researcher point of view, insurance is a risk transfer mechanism, by which an individual, organization and government can exchange their uncertainty for certainty. The uncertainty experienced would include whether a loss will occur, when it will take place, how severe it will be and how many there might be in a year. This uncertainty makes it very difficult to budget and so those involved seek ways of controlling the financial effect of the risk. Insurance offers the opportunity to exchange this uncertain loss for a certain loss; the insurance premium. (Ojo, A. T., 2010) stated that the function of providing insurance coverage could affect economic growth through saving rate channel in a mixed way. Insurance premium is the payment made by insureds to insurer (Dorfman, M. S. 2005). The amount of money that an insurance companies charge for insurance coverage, which represents the cost of insurance, is known as premium. Therefore, premium income is the revenue that insurance companies receive from insurance and

annuity policy sales (Edward, B. B., 2007). Furthermore, insurance claim is a demand made by the insured or the insured's beneficiary for payment of the benefits as provided by the policy, written request by an insured for the insurance company to cover an incurred loss, usually submitted on the company standard form. Claim expense is the expense of adjusting a claim, such as investigation and attorney's fees. It does not include the cost of the claim itself. Claim settlement is a lump-sum payment by an insurer to a claimant in exchange for the claimant's agreement to release the insurer from further responsibility for coverage under the policy. Investment is any expenditure of money or assets made in an attempt to earn a profit of some type. Insurance investment income is the return received by insurers from their investment portfolios including interest, dividends and realized capital gains on stocks.

## **2.2 Liberalization**

Liberalization is a process of lifting restrictions by regulator on some private individual activities (Wikipedia). The purpose of liberalization is targeting increase of international trade and services including insurance by removing unnecessary restrictions and internal government regulations, which are barriers to trade between countries. Liberalization occurs when something is used to be banned is no longer banned, or when relaxed of government regulations.

Economic liberalization refers to the reduction or elimination of government regulations or restrictions on private business and trade (O'Sullivan, Arthur; Sheffrin, Steven M., 2003). Benefits of economic liberalization also involves relaxes of taxes, social security, and unemployment. Economic liberalization is often linked with privatization that is the process of transferring ownership from the public sector to the private sector. Economic liberalization is the reducing of government regulations and restrictions to be participating more private sectors in an economy. In which liberalization is the removal of controls to be encouraging development of country economy (Chaudhary, C. M., 2008).

Financial liberalization is integral part of the overall economic liberalization. It is a set of operational reforms and policy measures designed to deregulate and transform the financial system and its structure with the view to achieving a liberalized market-oriented system within an appropriate regulatory framework.



In developing countries, economic liberalization refers to opening up of their respective economies to foreign investments and capital. In many countries liberalize their economies to be remaining competitive in attracting and retaining of their local and foreign investments. The service sector is the most liberalized of the sectors. Liberalization encourages the sector opportunity to compete internationally, contributing to GDP growth and generating foreign exchange. Moreover, in some emerging economies service providers are not competitive enough to succeed on world markets, which will be attracted foreign companies to invest there, they are bringing international practices and better skills and technologies (Zuliu Hu, Mohsin S. Khan, 1997).

Financial liberalization is an essential portion of overall economic liberalization. It is a set of operational reforms and policy measures that are designed to deregulate and transform the financial system, to achieving a liberalized market-oriented system within a relevant regulatory framework. The term liberalization refers to market opening and the removing of discrimination against foreign services and institutions. Domestic liberalization or what is more commonly known as financial reforms refer to the process of deregulation. There are several dimensions in deregulation, the removal of government intervention through privatizing the government owned financial institutions, relaxing the restrictions on inter-sectoral activities, for example: banks can offer insurance, and strengthening of local financial institutions and markets to promote the efficiency.

### **2.3 Insurance Market Liberalization**

The term “insurance liberalization” covers two concepts. The first concept mainly refers to market access liberalization, i.e. the removal of restrictions on insurance market entry for foreign providers. Some analysts applied this notion. For example, (Cloney Gordon, 1995) categorized five kinds of markets when characterizing international insurance market trends in the decade before the mid-1990s. They included socialized markets, nationalistic markets, protected markets, transitional markets, and liberal markets. A liberal market is characterized by non-discrimination, market access national treatment, and transparency. (Gerry, Dickinson, 2011) noted that “insurance market liberalization means allowing a greater internationalization of the national insurance market by allowing foreign-owned enterprises greater access to the national insurance market through establishment or

acquisition of a local operation and gradually selling cross-border, and by allowing local consumers (companies or individuals) to buy insurance in markets overseas.”

The second notion, more fundamental in nature, relates to pro-competitive reform (or more commonly known as the process of deregulation) which denotes the lessening of domestic regulation. (Skipper, 2000) suggests that “a liberal insurance market is one in which the market, subject only to economically justifiable government restriction, determines the eligibility of insurers, products, premiums, and sale manners.” This notion emphasizes that insurance market liberalization should be directed towards market-oriented disciplines, which means reducing unnecessary government interventions. The OECD holds a similar opinion. It states that the liberalization requires: genuine market access, adherence to the concept of national and non-discriminatory treatments, a suitable regulatory framework and adequate prudential rules, open and ongoing dialogue among regulators and all market participants, transparent markets, and a transparent regulatory and supervisory process and fair competition and de-monopolization.

A healthy and development of insurance sector is of vitally importance to every modern economy. In addition to its principal function of providing risk management mechanism, it encourages the savings habit and generates long term funds for infrastructure development. In the post liberalization period, the insurance sector has emerged as the most vibrant segment of the financial sector in the country. This sector along with its basic function of providing protection against insurable risk plays an important role in the economic development of the country as a financial intermediary.

There are several potential benefits of liberalized regime (Skipper, 1997). First, liberalization facilitates better customer services and value. It enhances competition in a wider geographical range and so creates stronger and more competitive local insurance industry. Open markets also help firms tap into world markets, increase their sales potential, benefits from economies of scale, and spread the fixed costs of research and development over a wider customer base. Secondly, liberalization helps in mobilizing domestic savings. More liberalized market regime with greater foreign insurers involved in could contribute saving and so to economic development. Thirdly, liberalization makes possible the transfer of technological knowhow. Transfer of ideas, bringing of new and better skills and knowhow, training programs, technology and managerial techniques to host country are facilitated in the

liberalized market. Lastly, liberalization promotes additional capital flow. A domestic country benefits from liberality in that the foreign insurers bring an additional source of financial capital. The additional financial capital can be used to finance additional projects.

In Myanmar, Insurance Sector Liberalization Roadmap was approved by the Union Government to accumulate the investment needed for the country's economic development, and to develop the non-banking financial sector. Also Myanmar Financial Sector has been liberalized gradually for competition, efficiency and integration into the regional financial system. As a part of financial sector liberalization, liberalization of insurance sector is important not just because penetration rates in Myanmar remain the lowest in the region. Enabling global insurance providers to operate here will help the country development to raise sovereign debt to plug the budget deficit. Insurance firms are the potential investors in sovereign bonds. Myanmar, with a population of 55 million, is the lowest insured economy in the ASEAN region, but things are about to change with the approval of the Myanmar insurance sector liberalization roadmap. The roadmap allows the entry of foreign players into this 'last frontier market'.

### **2.3.1 Liberalization of Insurance Market Access**

Liberalization of access to the insurance market is generally considered to have many benefits. According to the WTO, services liberalization demonstrates its rationale by having six benefits. Firstly, it can spur competition and hence raise economic performance. Secondly, it helps exporters and producers in developing countries capitalize their competitive strength through providing access to world-class services. Thirdly, liberalization leads to lower prices, better quality, and wider choice for consumers, which all lead to consumer savings. Fourthly, liberalized services markets have seen greater product innovation. Fifthly, liberalization leads to greater transparency and predictability. Finally, FDI, encouraged by liberalization, facilitates technology transfer.

There are a number of theoretical studies on the rationale and phase of liberalizing insurance market access. For example, (Skipper, 1997) argues that greater foreign insurer participation in emerging markets can bring the markets many benefits, including improvement in customer service and value, increased domestic savings, and transfers of technological and managerial know-how. It also can result in

additional external financial capital, improvements in the quality of domestic insurance regulation, and the creation of beneficial domestic spillover, e.g. additional employment. (Gerry Dickinson, 1999) summarizes the scheduling of the market access liberalization. It normally moves through the following stages: removal of obligatory cessions to state-run reinsurance/pool, freedom of cross-border reinsurance business, acquisition of minority holdings in the form of joint ventures, acquisition of majority holdings, establishing local subsidiaries, establishing branch offices/agencies, and cross-border sale of insurance products. Individual countries may undergo these various states in different sequence and timing.

### **2.3.2 Insurance Liberalization in Emerging Markets**

In many countries, the insurance intermediary has been instrumental in raising the consciousness of the public to the need for financial protection through the insurance mechanism. It is believed that an insurance industry can assist in the achievement and maintenance of financial stability and can be a powerful vehicle for accumulating savings (Siwatibau, 1984 and Skipper, 1997). Economists generally agree as to the positive relationship between saving rates and growth rates. Therefore, emerging markets could benefit from the rapid economic growth which could stem from increased saving rate (IMF, 1995)

From a macro-economic perspective, liberalizing the insurance market could mobilize national savings and narrow the investment gap of not completely developed economies. In emerging markets, domestic savings have not been fully mobilized despite huge funding needs arising from infrastructure projects. Insurance companies as important long-term institutional investors, thereby functioning as financial intermediaries, contribute to bringing together savers and borrowers. The benefit would be most sizeable with participation of foreign insurers possessing superior financial skills; e.g., asset-liability management and risk management. Enhancing domestic financial intermediation would further render emerging economies less dependent on short-term and highly volatile foreign capital inflows (Swiss Re, 2000)

The larger the number of insureds, the more stable and predictable is the insurer's experience. This fact leads to a reduction in volatility and, by that, permits the insurer to charge a smaller risk premium for uncertainly and maintain more stable premiums (Skipper, 1999). Insurers also benefit from pooling through their investment activities. In providing funds to a broad range of enterprises, individuals,

and other, insurers diversify their investment portfolios. The default of a few borrowers is likely to be offset by the many sound investments. The more stable and predictable an insurer's investment experience, the less it can charge for loans. Needless to say, investment in emerging markets is stimulated and resources are allocated more efficiently – to the benefit of consumers.

Due to their greater financial strength and risk diversification capabilities, foreign insurers are often characterized by superior claims paying ability, which would also help to enhance the financial condition of individuals, households and corporations in emerging markets. Not only is foreign participation significant in underpinning financial security, it is also imperative to facilitating trade and commerce of developing economies (Skipper, 1997).

The participation of foreign insurers could improve the capital allocation efficiency of emerging economics. Underwriting investment decisions made by foreign insurers based on their international experience and best practice considerations could send beneficial signals for efficient resources allocation (Swiss Re, 2000). The availability of these signals, especially in markets where credit allocations are not completely based on economic considerations, is crucial in improving capital productivity. Specific advantages claimed for a more open international insurance market include possible benefits flowing to a domestic insurance industry from the advanced technological and managerial knowhow and expertise that foreign insurers could bring to emerging markets (Skipper, 1997).

Last but not least, growing competitions as a result of expanding markets often also increase the propensity to generate new and innovative products. With increased competition, insurers have greater motivation to be more responsive to customer needs and desires, to offer better and broader range of quality goods and services, and to seek less costly means of marketing to and servicing customers. Liberalization will likely enhance the overall efficiency and productivity of the insurance industry. As a result, consumers in emerging markets could benefit from better choice and value insurance products and services.

#### **2.4 Impact of Insurance Market Liberalization on Myanmar Insurance Industry.**

Many studies related to the impact of insurance market liberalization on insurance industry insurance industry has been investigated in many ways by many

researchers around the world. In this study illustrated the impact of insurance market liberalization measured by four parameters by using secondary data collected from relevant sources i.e. structure change in insurance sector due to entry of private and foreign insurer, comparative analysis of underwritten premium and claim ratio, insurance penetration, and insurance density. The measure of these parameters is reflected the level of development of insurance sector in a country. Since insurance sector plays an important role in encouraging the enhancing a country's economic growth (UI Din et al., 2017) either directly or indirectly. The more productive the insurance sector of a country, the higher the economic growth a country. Life insurance encourages long-term savings and large-scale investment in public and private sector projects and non-life insurance leads to short-term protection offering medium and short-term indemnification (Beck & Webb, 2002). So, this is also an implication for increasing economic growth.

In the other hand, presented the impact of insurance market liberalization on insurance industry using primary data, which is conducted customer survey on 100 persons of existing policyholders from different insurers operating in Yangon region with questionnaires survey method. By using these survey data, analyzed the customer perception on the performance of insurers in Myanmar, the customer awareness on the benefits of insurance system and the customer attitude on the insurance market liberalization in Myanmar. Since, overall these factors are concerning the significant indicators to evaluate impact of insurance market liberalization on the Myanmar insurance industry.

## **2.5 Review on Previous Studies**

Harold D. Skipper, (2000) explained the terms liberalization and deregulation. Liberalization means the process by which the government takes actions to move towards liberal markets. It denotes a reduction of government barriers to market access, especially as relates to foreign insurers. A liberal insurance market is one which determines: Who should be allowed to sell insurance? What products should be sold? How the products should be sold? And what price the products should be sold?

(Kjosevski, 2011) also examined the impact of insurance on economic growth, with empirical analysis for the Republic of Macedonia. The analysis used data for the period 1995-2010. The author used three different insurance indicators life insurance, nonlife insurance and total insurance penetration. Insurance development had

measured by insurance penetration. He found that positive and significant correlation between insurance sector development and economic growth.

A study conducted by (Arena, 2008) conducted empirical research about the interdependence among insurance and economic growth in 56 countries, which were developed or developing during the period 1976–2004. Insurance activity was measured as attracted premiums of total, nonlife and life insurance. The author found that only in developed countries did life insurance impact economic growth, but the impact of nonlife insurance is positive and significant for both developed and developing economies (though smaller in developing countries than in developed ones). Arena's overall conclusion was that nonlife and life insurance positively impacted economic development.

(Krishnamurthy. S, *et al.*, 2005), made a research on “Insurance Industry in India: Structure, Performance and Future Challenges”. It clearly described the status and growth of Indian Insurance sector after liberalization and also explains future challenges and opportunities related with the Insurance. Insurance is the core mechanism of country's risk management system and influence sustainable development of an economy in numerous ways. Insurance Penetration is strongly depends on availability of Insurance products, insurance awareness and quality of services. The future development of this sector will depend on how efficiently the insurers are meeting the customers' expectations and able to change their perceptions and make them aware of the insurable risks. On the demand side, improve in income will trigger the growth of Insurance. The process of reforms has higher competition, created a choice to the customers, and improved the efficiency level of the Industry.

(Ansari Z. A. 2011) in 'Analysis of Impact of Reforms on Insurance Industry of Saudi Arabia' on the basis of the study on Saudi Arabia for a period 2005 to 2009 finds that reforms since 2004, Saudi insurance is growing fast registering remarkably high growth rate in premium. The number of insurers has increased and the regulatory system is so developed to take the Saudi industry to international standards. (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.

## CHAPTER III

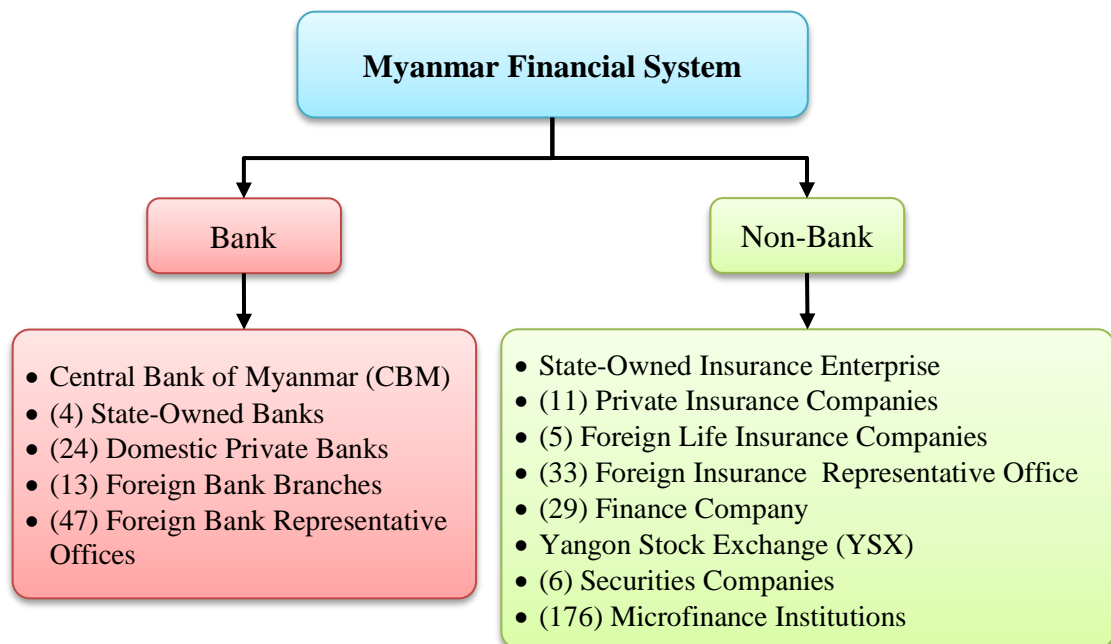
### OVERVIEW OF INSURANCE MARKET IN MYANMAR

This chapter describes the overview of insurance market in Myanmar. There is concerns with the Financial System in Myanmar, Insurance Sector in Myanmar, Regulatory and Supervisory Framework for Insurance Market, Local and Foreign Insurance Companies in Myanmar Insurance Industry, Insurance Services provided by Myanmar Insurance Industry, Role of Insurance Providers in Myanmar Insurance Industry, and Insurance Market Development in Myanmar.

#### 3.1 Financial System in Myanmar

A sound financial system is essential for the health of an economy. The financial sector plays a crucial role for economic development, in particular by creating money, mobilizing deposits, allocating capital, and providing modern payment and insurance services. An efficient and effective financial sector thereby reduces costs and risks in the real sector. Hence, the stability of the financial sector is of paramount important for the sell-being of a country and its people.

**Figure (3.1) Financial System in Myanmar**



Source: Central Bank of Myanmar and Financial Regulatory Department



The financial sector of Myanmar is divided into two main groups: Banking and Non-Banking financial institutions. Banking institutions comprise of the Central Bank of Myanmar (CBM), State Owned Banks, Semi-Government Owned Banks, Private Owned Banks, Foreign Bank Branches and Representative Offices. Non-Banking financial institutions include the State Owned Insurance Enterprise, Private Owned Insurance Companies, Foreign Insurance Companies and Representative Offices, Finance Companies, Yangon Stock Exchange (YSX), the Securities and Exchange Commission of Myanmar (SECM), Securities Companies and Microfinance Institutions.

### **3.2 Insurance Sector in Myanmar**

The peace treaty of Yandabo was signed in 1826 which ended the First Anglo-Burmese War. After that, many English insurance companies came to Burma to buy life insurance for the foreigners. The Burma National Insurance Company, Limited and The Burma (Government Security) Insurance Company, Ltd owned by local companies entered the insurance market in 1940 before Second World War. Myanmar has historically connection with the insurance industry; almost 80 insurance firms were operated in the market from the mid-19<sup>th</sup> century till the mid-20<sup>th</sup> century. Among them most were foreign firms. The situation changed in the 1960s, the industry was taken over by the government and all foreign insurance firms in the market were nationalized in 1963.

According to nationalizing a local insurance company, the State-owned Union Insurance Board the “Burma National Insurance Company” was established in 1952. All life insurance businesses were state-monopolized under the Union Insurance Board in 1959, and the socialist government abolished all private insurance companies in 1964. From late 1969 to 1976, By the Union Bank Law (1975), all activities of insurance business was centralized under the Insurance Division of the People’s Bank of the Union of Burma. The insurance business was transferred to the newly formed Myanma Insurance (MI).

The legislative and regulatory framework of Myanmar’s insurance industry consists of legislation from different eras in Myanmar’s history, together with subsidiary law, such as implementing rules and notifications drafted by Government ministries and departments. The key legislation consists of The Myanmar Insurance Law (1993), the Insurance Business Law (1996), and The Insurance Business Rules

(1997). The Third Party Liability Insurance Rules (2003) are subsidiary to The Myanmar Insurance Law and require Myanmar motorists to possess third party liability insurance.

A competitiveness of insurance market promotes to ensure the lives and living standard of Myanmar's people. Insurance create easier to handle unexpected and potentially catastrophic events and can be contribution of a source of long-term financing, by investing insurance premiums in government bonds which can be improvement of infrastructures such as roads and electricity. Development of insurance industry is expected to generate more high-quality jobs opportunity and easing the burden of national employment. The opening up of insurance market, Myanmar insurance industry is developing steadily as the local private insurance companies are trying to expand their branch network and strategically Joint-Venture partnership arrangement with international giant insurer to bring international insurance practices and expertise, promote insurance penetration locally and internationally that can contribute to the development of national economy.

### **3.2.1 Development of Life Insurance Sector in Myanmar**

Life insurance sector is early stage with very lower market penetration. Even in rapid growth period 2017, the underwritten premium is still under USD 0.50 per person. Life insurance comprise of collections of premiums over a longer period of time generally for endowment policies. The long term savings practice in Myanmar has struggled due to the history of demonetization of the currency and occasional banking crises, which have left most people losing trust on financial institutions.

At present there has been limited activity in the life insurance market with local companies having restricted involvement. Most premiums are underwritten under Myanma Insurance primarily for pensions, endowments for government staff and military personnel. In many countries in the region life insurance is dominated by foreign companies, which they have the experience of actuarial methods underpinning underwriting of such policies, widespread selling methods of policies, confidence based on reputation and investment technique. In an emerging market it also takes time for life insurance to flourish as people invest in such policies when they have greater discretionary spending, something that is currently limited in Myanmar. When the country economy grows, more people will be classified as middle income earners

and will spend on savings products like life insurance, which generally grows substantially after passing an inflection point.

### **3.2.2 Development of Non-Life Insurance Sector in Myanmar**

General insurance is also known as non-life insurance, broadly covers damages and losses incurred from particular events such as fire, theft or accident. In most countries in the region non-life insurance sector is generally dominated by local insurers, compared to life insurance sector. Basically in an emerging market like Myanmar non-life sector is initially takes the largest portion of share premiums compared to life insurance sector. As the businesses often need cover while personal insurance attracts car and property owners who could afford to pay premiums and able to understand the rationale behind such type of policies. Also regulations in most business sectors may specify insurance cover for certain risks.

The growth of the non-life sector has been remarkable although this is from a very low base. This is due to the infancy of private insurance and the severe limitation on maximum coverage and premiums by the regulator. Comprehensive motor insurance and fire insurance are the most rapidly developing product compare to others. Commercial insurance products will likely play a large portion in the market in the early growth stages to protect marine, aviation, fire and liability risks. Developing of car and property ownership countrywide is catalyst for further growth expansion of personal insurance.

Myanmar insurance market holds tremendous potential as total insurance penetration is only at 0.07% of GDP. The key drivers of insurance growth include a growing population, accelerated economic development, rising personal incomes, and a progressively better understanding of risks. These drivers combined with the liberalization of the insurance industry could lead to a higher level of penetration.

### **3.2.3 Entry of Local Private Insurers in Myanmar**

From 1993, the state-owned Myanma Insurance had its owned legal framework under which it offered a variety of life and general insurance products. In 1996, a new Insurance Business Law was enacted that created a supervisory board to review applications for an insurance business license. After decades of state monopoly, Myanmar's lowest penetrated insurance market was opened-up to local private insurance companies. Change of the political landscape in 2010, in the mid of

the year 2011, Ministry of Planning and Finance (MoPF) formed Insurance Business Supervisory Board (IBSB), in order to open-up private sector. In November 2012, IBSB invited a license application process for private insurance companies. That is intending to diversify the insurance services and modernize the sector.

**Table (3.1) 12 Local Private Insurance Companies in Myanmar**

Sr.	Insurer	Insurance License Type	Affiliated to
1.	Myanma Insurance	Composite Insurance (Life + Non-Life)	Government owned
2.	Aung Thitsar Oo Insurance		Union of Myanmar Economic Holdings Limited
3.	Ayeyar Myanmar Insurance		Ayeyarwady Bank
4.	Excellent Fortune Insurance		Jade King and Queen Company Ltd.
5.	First National Insurance		Asia Green Development Bank
6.	Grand Guardian Insurance		Shwetaung Development Company Ltd.
7.	Global World Insurance		Asia World Company Ltd.
8.	IKBZ Insurance		Kanbawza Bank
9.	Young Insurance Global		Young Investment Group
10.	Aung Myint Moh Min Insurance	Life Insurance	Myanmar Economic Corporation
11.	Capital Life Insurance		Diamond Star Company Ltd.
12.	Citizen Business Insurance		Co-Operative Bank

Source: Myanmar Insurance Association, 2018

In the year 2012, IBSB changed its name to the Insurance Business Regulatory Board (IBRB). In the year 2013 - A landmark in the history of the country's insurance sector which marked the commencement of operation of 11 domestic insurers who were given approval by IBSB to start their operations from June 2013. Nine of these

have composite licenses for both Life and Non-Life and three have Life Assurance licenses (Table 3.1) Most of these private insurance firms are owned by large conglomerates or groups that also have a bank. A close relationship with a commercial bank presents insurers with an important distribution channel, especially given the expansion of bank branch networks and the shortage of trained insurance agents.

Myanmar Insurance Industry provides variety of insurance products granted by IBRB. There are 40 types of insurance products underwriting in Myanmar Insurance Industry which comprise of 12 types of Life insurance products and 28 types of Non-Life Insurance products (See Appendix A / Table (1)). The private insurers are restricted from offering specific types of insurance and most have a maximum of 23 products offering. The biggest contributions to premium income are fire, special travel and comprehensive motor insurance. Initially the IBSB permitted insurers to offer just nine types of insurance cover which included four life insurance products (life, group term life, snake-bite, sportsman life) and five general (or non-life) insurance products (fire, motor, fidelity, cash-in-transit, cash-in-safe).

**Table (3.2) Branch Network of Local Insurer in Myanmar**

<b>No.</b>	<b>Insurer</b>	<b>Branches</b>
1.	Myanma Insurance (MI)	39
2.	Grand Guardian Insurance (GGI)	25
3.	IKBZ Insurance (IKBZ)	21
4.	First National Insurance (FNI)	15
5.	Ayeyar Myanmar Insurance (AMI)	12
6.	Capital Life Insurance	10
7.	Global World Insurance (GWI)	6
8.	Aung Thitsar Oo Insurance	3
9.	Young Insurance Global Insurance	3
10.	Aung Myint Moh Min	2
11.	Excellent Fortune Insurance (EFI)	1
12.	Citizen Business Insurance	1
	<b>Total</b>	<b>138</b>

Source: Frontier Myanmar Research

In May 2014, the IBSB extended this product list to include ‘Special Travel Insurance for Express Ways’, mandatory insurance coverage for locals and foreigners traveling more than 100 miles on Burma’s roads. Insurers are not permitted to offer health insurance. Pursuant to the Insurance Business Law the IBSB requires all private insurers to sell the same products, at the same prices, with the same coverage that they can only able to compete through customer service and branch coverage, and including the IBSB’s prescribed terms and conditions. According to (Table 3.2) currently Myanmar insurance industry has total 138 branch network in all over the country. Currently, the biggest contributors to premium income are fire, travel and motor insurance, and reinsurance for other private insurance companies.

Private insurers are required to surrender premiums beyond a certain level to an insurance fund managed by Myanma Insurance. This requirement is essentially a mandatory form of co-insurance. Co-insurance and reinsurance arrangements are important tools in the underwriting of risk to support investment in developing countries, where turbulent economic conditions, natural disasters (such as cyclone Nagris which devastated much of southern Myanmar in 2008) or civil unrest can sometimes precipitate crises the insurance sector. Insurers can mitigate their risks through the group umbrella protection of co-insurance reinsurance schemes.

### **3.2.4 Entry of Foreign Insurers in Myanmar**

With an opening to foreign investment expected to follow, the country offers plenty of opportunities to international insurers. Myanmar's insurance industry started the transition from a central planning operation to closer a free market in late 2012 and ended the five decade long monopoly by state-owned Myanma Insurance, together with the establishment of twelve domestic private insurance companies in 2013. In 2014, three Japanese insurance companies, SOMPO Japan NIPPONKOA Insurance Inc., TOKIO Marine & NICHIDO Fire Insurance Co. Limited, and MITSUI SUMITOMO Insurance Group Holdings Inc., were awarded ‘special economic zone licenses’ allowing them to provide insurance cover to companies establishing in the Thilawa SEZ.

The financial regulatory department (FRD) announced that the market is open to eligible foreign insurers by allowing: Not more than three foreign life insurance companies as 100% wholly-owned subsidiaries; foreign life insurance companies with a life/composite representative office in Myanmar to form joint venture with local life

insurance companies; and foreign non-life insurance companies with a non-life/composite representative office in Myanmar to form joint venture with local non-life insurance companies. On 28<sup>th</sup> November 2019, the Ministry of Planning and Finance granted licenses to 100% wholly owned five foreign life insurance companies along with three joint venture life insurance companies with foreign partners and three non-life insurance companies, set up as joint ventures between local and foreign insurers.

### **3.3 Foreign Insurance Representative Offices in Myanmar**

Foreign insurers are permitted to establish representative offices in Myanmar. These are 'liaison offices' only and their activities are limited to market research and the provision of support to an international insurers clients operating in Myanmar. Representative Offices do not have limited liability. Foreign insurers are prohibited from providing insurance services to the public through their Myanmar Representative Offices. There are total thirty three foreign representative offices from fifteen different countries have established their offices in Myanmar (See Appendix A / Table (2)).

Among them, twelve foreign life insurance representative offices from different countries are opened in Myanmar and most of the foreign life insurance companies are from Singapore, Japan and Thailand. In which, 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 in 2019. Also, seven branches of non-life foreign insurance representative office and three foreign composite insurance representative offices are currently opened in Myanmar since 2013 mostly from Japan. They have been contributing to the sound insurance system and development of insurance industry in Myanmar.

Besides, there are also representative offices of international brokers and intermediaries from five countries. 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.

### **3.2.5 Myanmar Insurance Association**

Myanmar Insurance Association (MIA) established in 2017 and the association is working together FRD, IBRB, insurance companies, and agents in Myanmar. The members of MIA are all insurance companies licensed under Myanmar Insurance Business Law. Representing all the insurance companies and responsible for cooperation and coordinating with its members for orderly development of the insurance industry. MIA plays a crucial role in developing the insurance agency force by providing training and facilitating insurance agents qualification examination. MIA ensures all insurance agents properly conduct their business in compliance with the regulations stipulated by IBRB and the “Insurance Agents Code of Practice”.

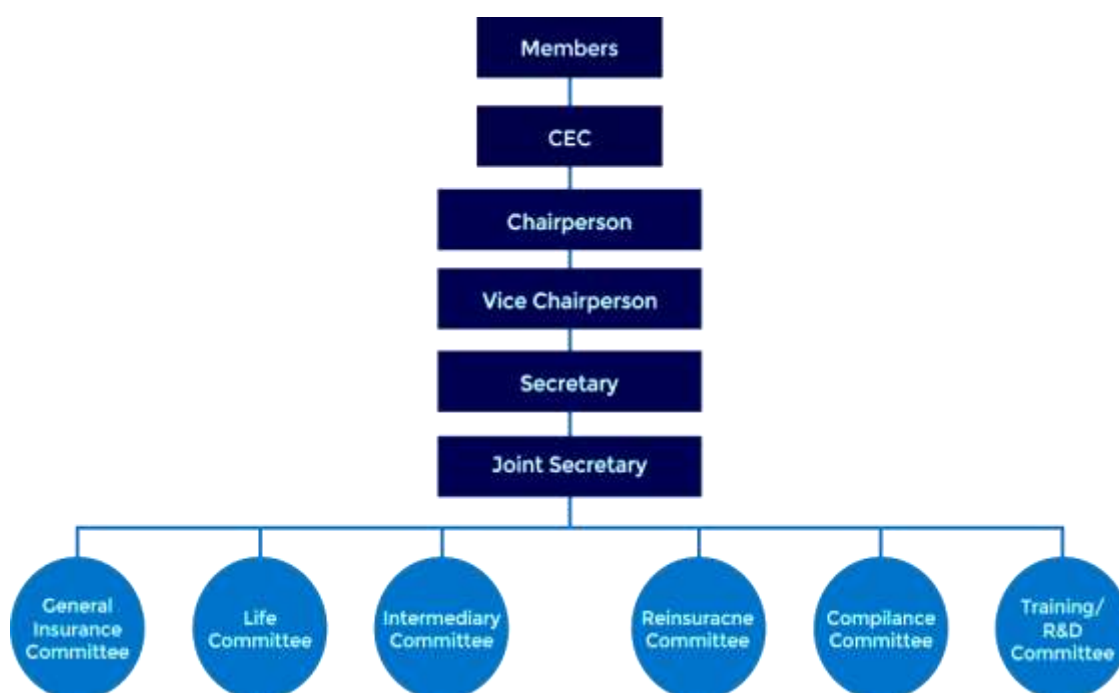
The main objectives of MIA are:

- (a) To contribute towards the development of the system of market economy and to develop foreign and local investment.
- (b) To expand insurance business locally and abroad and to cooperate between insurance companies, to be in abreast with international framework of laid down policy.
- (c) To be beneficial to both insurer and insured.
- (d) To promulgate people’s awareness on insurance, develop insurance habits and build trusts among public.
- (e) To educate concerned individual organization to act in accordance with ethics/standard in doing insurance business.

According to objectives, with a view to conduct training on insurance sector in Myanmar, a memorandum of understanding [MoU] had been signed between the Global Insurance Association of Japan [GIAJ], Insurance Institute of India [III], Malaysia Insurance Institute [MII], and the Australian and New Zealand Institute of Insurance and Finance [ANZIIF]. Under the agreement, lecturers from those institutes will give lectures to Myanmar trainees, and it has also been arranged for the trainees to be able to learn in the companies of foreign countries as apprentices. In addition, the Myanmar Insurance Association has been effectively supporting the creation of new categories of insurances, in cooperation with insurance companies. As a result, expansion of insurance markets and creation of job opportunities are successfully implemented.



**Figure (3.2) Organization Structure of Myanmar Insurance Association**



Source: Myanmar Insurance Association

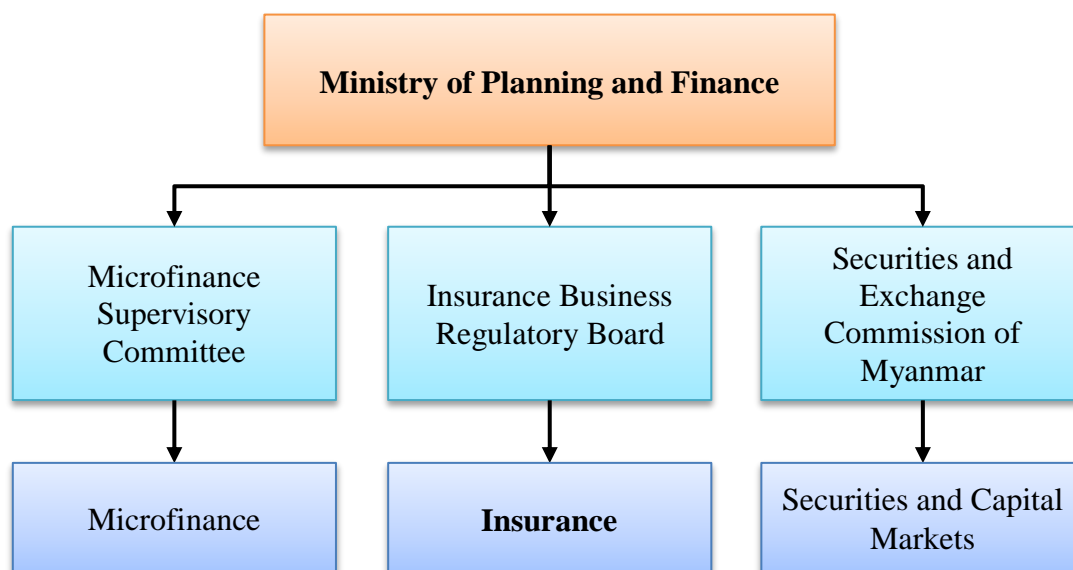
### **3.4 Regulatory and Supervisory Framework for Myanmar Insurance Market**

Insurance is an essential financial tool, which enables better risk management of uncertain financial loss. For insurance services and products to provide sufficient financial protection, it is imperative that insurance markets are sound and safe for policyholders, with a robust institutional framework of insurance regulation and supervision. There are two main laws regulating the insurance business in Myanmar;

- Myanmar Insurance Law (1993), and
- Insurance Business Law (1996).

(i). **Myanmar Insurance Law of 1993**, which includes the Third Party Liability Insurance Rules for Myanmar Insurance. The law created the current legal framework for the state-owned Myanmar Insurance (MI) and repealed the Insurance Business Law (1975). The MI Law makes it compulsory for certain groups to take out insurance with MI. Government employees must have life insurance with the state-owned entity, for example, and motor vehicle owners must take out third party liability insurance. The legislation also specifies that foreign investors are only allowed to use MI.

**Figure (3.3) Regulatory and Supervisory Frameworks in Myanmar Financial System**



Source: Ministry of Planning and Finance

(ii). **Insurance Business Law of 1996**, the law created the Insurance Business Supervisory Board (IBSB), and gives it the power to issue licenses for insurers, underwriting agents and brokers. Although only insurance licenses have been issued thus far, IBSB is also tasked with setting capital requirements, fees and regulatory standards. A 2015 amendment to the IBL transferred the powers and functions of the IBSB to the FRD although the IBSB continues to be involved in policy and regulatory decisions. According to a 2013 notification, the IBSB is chaired by a deputy minister of finance, and its members include the directors general of the Central Bank, DICA, Internal Revenue Department, and the offices of the Auditor-General and Attorney-General.

The two key regulatory bodies that oversee the licensing of insurance businesses and activities both for domestic and overseas insurance companies in Myanmar are:

(i). **Financial Regulatory Department (FRD)** under Ministry of Planning and Finance (MoPF) had been established on September 1, 2014 for the purpose of regulating and supervising on non-bank financial sector of Myanmar. Insurance Regulation and Supervision (IRS) is one of the operational divisions of FRD. IRS supervises and regulates the private, joint venture and foreign insurance companies in Myanmar.

(ii). **Insurance Business Regulatory Board (IBRB)**. Ministry of Planning and Finance has been empowered by the Insurance Business Law for regulation and supervision of insurance business. Ministry of Planning and Finance formed IBRB through which the insurance companies, intermediaries and other organizations related to insurance business are supervised and monitored more closely. Financial Regulatory Department (FRD) acts as the secretariat of the IBRB, and carry out, the tasks of supervising and monitoring, on the insurance companies and related agencies/organizations/institutions in doing business of insurance, on behalf of IBRB.

### 3.5 Minimum Capital Requirements for Insurance Sector in Myanmar

The Insurance Law sets out the minimum capital requirements that apply to Myanmar’s domestic insurance companies. The minimum capital requirement is determined according to the forms of insurance coverage the company is authorized to provide.

As shown in (Table 3.3), among the 12 local private insurance providers, three are only for life insurance, which requires a paid-up capital of MMK 6 billion (approximately US\$ 4.6 million). The others are composite providers covering both life and non-life insurance with a minimum paid-up capital of MMK 46 billion (approximately US\$ 35.1 million). A wholly non-life insurance provider requires paid-up capital of MMK 40 billions).

**Table (3.3) Minimum Capital Requirement for Private Insurance Companies in Myanmar**

Type of Insurance	Myanmar Kyats (Billion)*
Life insurance	6
Non-life insurance (e.g. motor, fire, cash in safe, cash in transit, fidelity insurance and travel)	40
Mixed / Composite	46

\*MMK\$1333 = US\$1.00 as at 24 April 2018

Source: Financial Regulatory Department

Some 10% of the paid up capital must be deposited with the Myanmar Economic Bank as a provision for emergency compensation. Life insurers must additionally establish a Life Assurance Policyholders Protection Fund. 30% of the paid up capital must be used to purchase Government Treasury Bonds. No minimum capital requirement has been set for insurance brokers. The Insurance Business Law is silent on many of the insurance services, products, and practices that are common in more sophisticated insurance markets. It does not contain any provisions on the transfer of insurance portfolios, insurance-outsourcing, consumer protection(s), or the marketing of insurance products.

## **CHAPTER IV**

### **ANALYSIS ON IMPACT OF INSURANCE MARKET LIBERALIZATION ON MYANMAR INSURANCE INDUSTRY**

This chapter illustrates research design, Structural Change of Myanmar Insurance Industry, comparative analysis of underwritten premium and claim ratio, insurance penetration and density, the customer perception on the performance of insurers in Myanmar, the customer awareness on the benefits of insurance system and the customer attitude on the insurance market liberalization in Myanmar by the results of analysis using both primary data and secondary data to examine impact of insurance market liberalization on Myanmar insurance industry.

#### **4.1 Research Design**

In this study, analyze the secondary data collected from different sources including MoPF, FRD, MIA, relevant articles and text books, reports, previous research papers, newspapers, journals, magazines related to insurance industry. By using the secondary data, structure change in insurance sector due to entry of private and foreign insurer, comparative analysis of underwritten premium and claim ratio, in undergoing market liberalization period. In addition, analyzed the macro level variables like annual insurance penetration and density with the descriptive method based on collected secondary data to measure development of insurance market in Myanmar.

In the other hand, according to the impact of liberalization is conceptualized mainly on the basis of customer's reactions and assessment on the issue, the policy holders were the main source of information for the study. The research method adopted in the study is questionnaires survey method for the collection of the primary data. A structured questionnaire as attached is using five Likert Scales in measuring three dimensions of impact of insurance market liberalization on Myanmar insurance industry. Questionnaires of this exploratory research consist of two parts. Part A is about gender, material status, age, education, occupation and income level.

Part B used five point Likert scale model from strongly disagree to strongly agree (Ranking from Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 to 5 = Strongly Agree". In this section, fifteen questions are conducted to measure the customer perception on the performance of insurers in Myanmar, the customer awareness on the benefits of insurance system and the customer attitude on the

insurance market liberalization in Myanmar. Each question is asked in the survey in order to collect primary data from 100 persons of existing policyholders from different insurers operating in Yangon region. Since, overall both primary and secondary data collected from relevant survey methods are concerning the significant indicators to evaluate impact of insurance market liberalization on the Myanmar insurance industry.

#### **4.2 Structural Change of Myanmar Insurance Industry**

Due to its current low penetration and future growth potential, the liberalization of the Myanmar insurance sector is believed by many to be the dawn of a new era for the country and its nascent financial services sector. In the history of Myanmar insurance sector, the industry was closed for decades but it is now open and liberalized. The market was operated as the monopolize market by Myanma Insurance since 1952, but in 2012 the private local insurances were allowed to start operating. Since 2013, the government started allowing the private sector to provide insurance services for the development of insurance sector. The State-owned Myanmar Insurance, three private life assurance companies and eight composite insurance companies are provided insurance services from June 2013 to April 2019.

As a second and significant movement of insurance market liberalization, the government had given the nod the foreign insurance companies to operate insurance business in Myanmar. In November 2018, with the directive no.(1/2019) the MoPF had mandated that local private insurance companies have to separate their life and non-life insurance entities in order to pave the way for foreign firms to associate or partner with local insurance companies. As a result all local private composite insurance companies had applied separate insurance business license for life insurance companies and non-life insurance companies and split their composite insurance companies to life and non-life insurance separate entities.

In order to increase foreign investment contribution towards the economic development of Myanmar, the Government is opening the insurance sector for further liberalization. On 28<sup>th</sup> November 2019, the Ministry of Planning and Finance granted licenses to 100% wholly owned five foreign life insurance companies along with three joint venture life insurance companies with foreign partners and three non-life insurance companies, set us as joint ventures between local and foreign insurers.

Therefore, now a day there are twenty five insurance companies has been operating insurance business in Myanmar including government owned Myanma Insurance, local life and non-life insurers, 100% owned foreign life insurers and life and local and foreign joint venture non-life insurers (See Appendix A / Table (6)). The liberalization of the Myanmar insurance sector has resulted in a number of insurance companies entering the market. This has led to an increase in the available choices not only in terms of service providers but also in terms of products for customers. The following table shows the number of insurance companies operating in Myanmar by their type of companies and progress number of companies with period-wise.

**Table (4.1) Progress in Number of Insurance Companies in Myanmar**

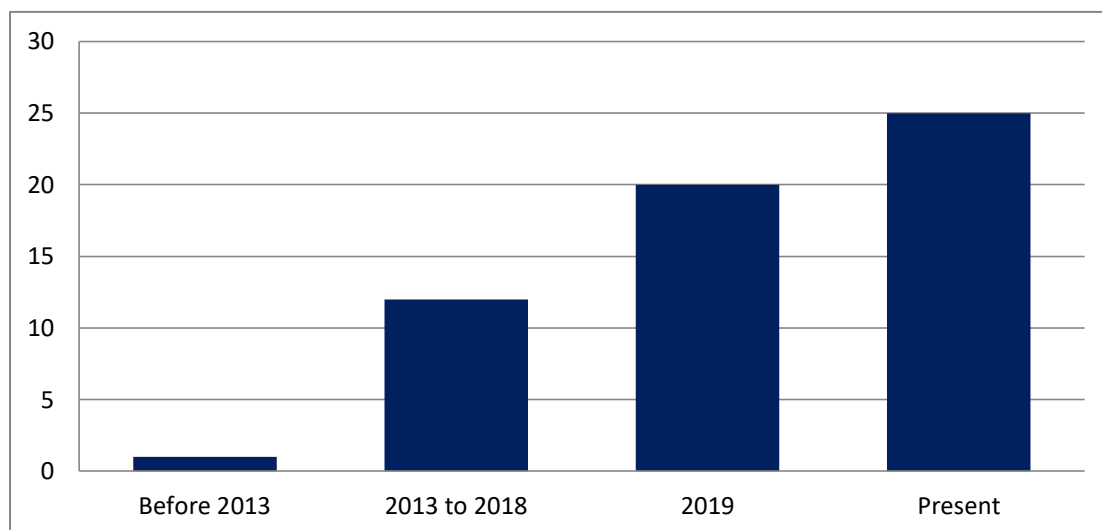
Type of Companies	Before 2013	2013 to 2018	2019	Present
Government Owned Insurance	1	1	1	1
Local Composite	-	8	-	-
Local Life Insurance	-	3	11	8
Local Non-Life Insurance	-	-	8	5
Foreign Life Insurance	-	-	-	5
JV Life insurance (Foreign + Local)	-	-	-	3
JV Non-Life insurance (Foreign + Local)	-	-	-	3
Total	1	12	20	25

Source: Survey data (2019)

One of the significant impacts of insurance market liberalization is progress number of local and foreign insurance players in Myanmar. According to Table (4.1), there were 25 insurance companies operating insurance business in Myanmar at present, among them a government owned insurance company, eight local private life insurance companies, five local private non-life insurance companies, five 100% owned foreign life insurance companies, three joint venture life insurance companies between local private insurers and foreign insurers, and three joint venture non-life insurance companies between local private insurers and foreign insurers respectively.

As illustrated in Figure (4.1), it is found that, the growing number of insurance companies in Myanmar insurance market being over double compared to the period of started to liberalize the insurance market had 12 during 2013.

**Figure (4.1) Progress in Number of Insurance Companies in Myanmar**



Source: Survey data 2019

### **4.3 Comparative Analysis of Unwritten Premium and Claim Ratio**

Underwriting and claims settlement process are the most important portion of an insurance company. Every claim is a chance of building a life-long relationship with the customer. As such, every claim is crucial because building a reputation in claims is a slow and tiring process.

The underwriting process is an important portion of any insurance application. When an individual applies for coverage, he or she is essentially asking the insurer to take on the potential risk and obligation to pay a claim in the future. Underwriting is the process by which an insurer determines willing to accept or not a risk, terms and conditions to be applied and level of premium to be charged.

Better claim services also significantly improve customer retention that can reduce 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, effective claims management practices is the most important and efficient ways to maintain market share and company's profit. Unlike life insurance, where all policies necessarily result in claims – either maturity or death – in non-life insurance not all policies result in claim.

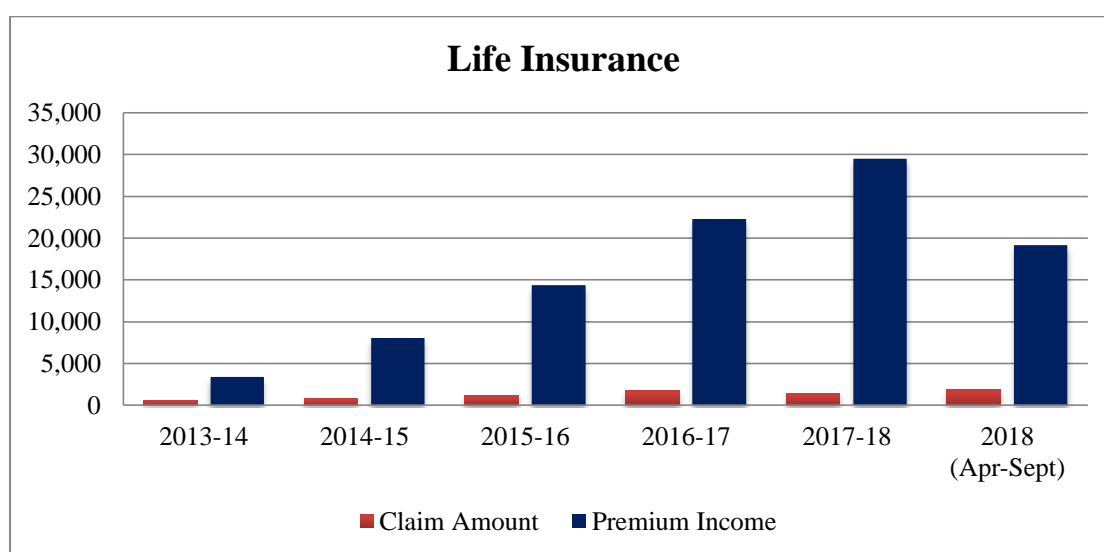


**Table (4.2) Comparative Analysis of Life Insurance Underwritten Premium and Claim Ratio**

<b>Life Insurance</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018 (Apr-Sept)</b>
Premium	3,374.03	8,021.48	14,353.78	22,261.76	29,498.16	19,152.19
Claim	584.11	786.84	1,163.61	1,770.86	1,432.75	1,905.87

Source: Myanmar Insurance Association

**Figure (4.2) Comparative Analysis of Life Underwritten Premium and Claim Ratio**



Sources: Myanmar Insurance Association

Life Insurance market is a least developed market compare to Non-Life Insurance market in Myanmar. It is low penetration rate compare to general insurance business because of lack of public awareness in life insurance and low per capita income. According to Table (4.2), after liberalization private life insurance sector in Myanmar has been developing steadily. The underwritten premium income is steadily improving year after year from 2013-2014 to 2017-2018. It is found in year 2018 (April-September) the underwritten premium income is declining due to change of Myanmar in fiscal year 2018 from 1 April to 31 September, therefore the figure shown in year 2018 is only for 6 month period.

Claim amount can be defined as the sum payable at the maturity of an insurance policy or upon death of the person insured or compensation for a covered financially losses or policy event to the beneficiary or the nominee or the legal heir of the insured. According to analysis on Figure (4.2), premium income is greater than the

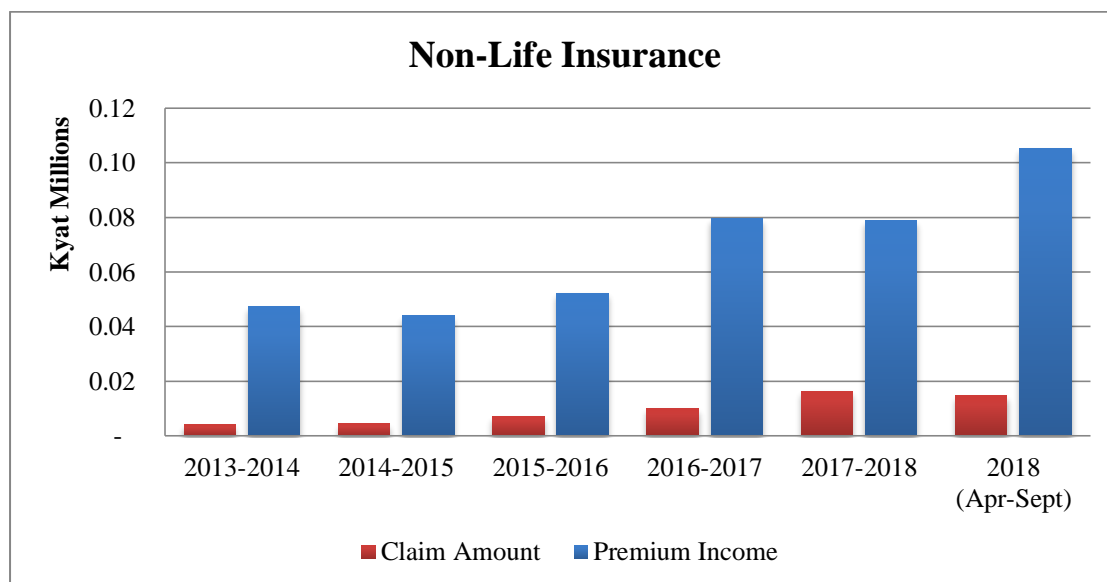
total of claim amount. Therefore it is clearly found that insurers in Myanmar can generate profits from insurance business every year.

**Table (4.3) Comparative Analysis of Non-Life Underwritten Premium and Claim Ratio**

<b>Non-Life Insurance</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018 (Apr-Sept)</b>
Premium	47,152.29	43,830.77	52,228.00	79,508.40	78,832.39	105,190.93
Claim	3,952.02	4,390.81	7,010.02	9,841.47	16,209.54	14,547.29

Source: Myanmar Insurance Association

**Figure (4.3) Comparative Analysis of Non-Life Underwritten Premium and Claim Ratio**



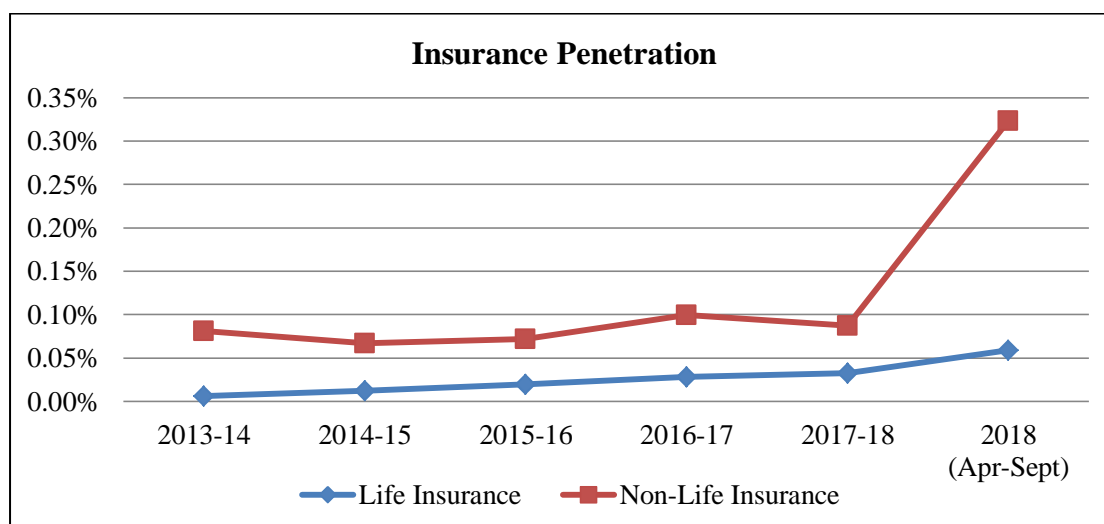
Sources: Myanmar Insurance Association

Private non-life insurance penetration is very high compared to private life insurance penetration rate in Myanmar. It is because of the increase in income of fire and motor insurance, because development of public awareness in general insurance coverage. 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. According to Table (4.3), also underwritten premium of non-life insurance sector is significantly high every year. The claim settlement amount of non-life insurance sector also much less than underwritten premium amount that means private insurance companies can create profit every year from general insurance business.

#### 4.4 Insurance Penetration and Density

The insurance industry is the ability to make significant financial contributions to a national economy. It contributes to the formation of national income by creating value added through the provision of indemnity and in its role as an institutional investor.

**Figure (4.4) Insurance Penetration Rate of Private Insurance Sector in Myanmar**



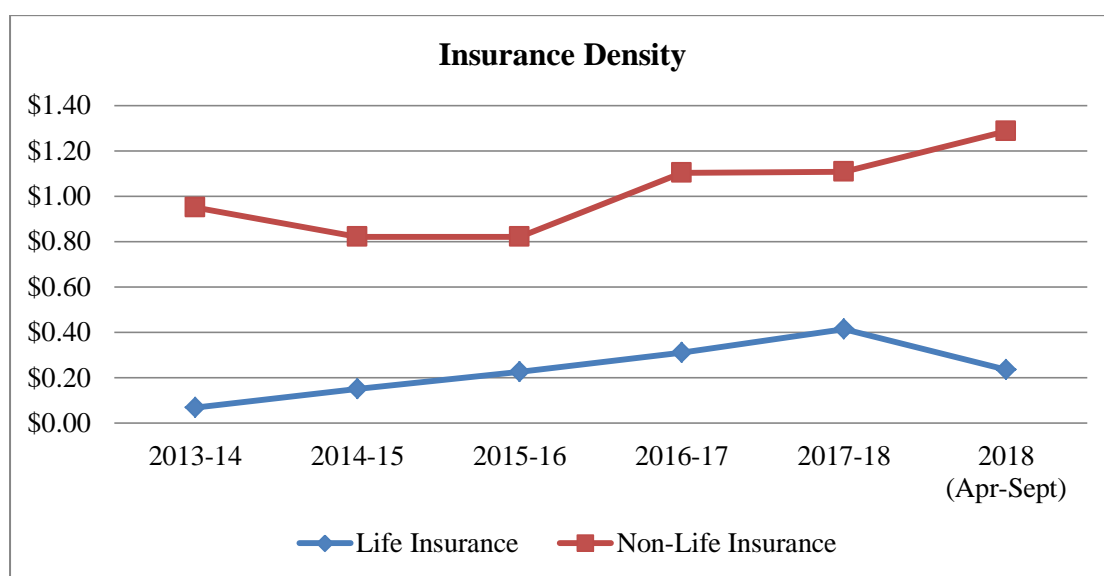
Sources: Myanmar Insurance Association

The most conventional tool used to measure the development of a country's insurance market is the insurance penetration rate. Insurance penetration of greatly depends on availability of insurance products, insurance awareness and quality of services. The future improvement of this sector will depend on how effectively the insurers are meeting of customers' expectations and able to change the customer perceptions and make them awareness on insurable risks. On the demand side, the generating in income will trigger the growth of insurance. The process of reforms has stronger in competition, provided a choice to the customers, improvement of the efficiency level of the Industry.

Myanmar insurance market is highly regarded as one of the most existing investment opportunities for international insurance companies as penetration rate in Myanmar remain the lowest in the region and the market is hugely untapped, with insurance penetration standing at just 0.38% According to Myanmar. The measure of insurance penetration indicates how much the insurance sector contributes to the national economy. Insurance penetration is measure as a percentage of underwritten premiums of GDP of a country.

According to Figure (4.4), the insurance penetration of private insurance sector is steadily improving every year, ongoing period of the liberalization insurance market from 0.01% in 2014-2015 to significantly stronger of 0.38% in fiscal year 2018 (April-September). But it is still much lower than 0.79% in Cambodia, whose per capita GDP is at the same level as Myanmar and which opened its insurance market to foreign competition earlier. To achieve greater insurance penetration, private sector insurance companies have to create a more vibrant and competitive industry, with greater efficiency, choice of products and value for customers. This is addition to developing a brand with trustworthiness.

**Figure (4.5) Insurance Density of Private Insurance Sector in Myanmar**



Sources: Myanmar Insurance Association

Insurance density is defined as the ratio of premium underwritten and the total population in a specify year. Insurance density is the extent to which individual customer is insured. It indicates the types and classes of insurance cover bought by individual person. Insurance density is illustrated as an indicator for the development of insurance business within a country.

The density level also indicates the premium is collected by both life and nonlife insurers on a large scale. Figure (4.5) illustrated that however the insurance density of life insurance is very low and remain unchanged in every year, at the non-life insurance sector has gone up from USD 0.8209 in 2013-2014 to USD 1.2857 in 2018 (April-September). But the market is still at least growing stage.

## **4.5 Survey Analysis**

Understanding customers' perceptions and awareness on insurance system and attitude on benefits of insurance market liberalization with the different dimensions of insurance business is very important for analyzing the impact of liberalization on insurance sector. Customers, being the fundamental point in the insurance business, an in-depth investigation on their behavior in the insurance marketing context offer certain advantages to insurers. Accordingly, designed the questionnaire for existing policyholders to be more understanding on their reactions and assessment on the issue, it composed of four sections as below:

- Demographic profile of respondents,
- Customer perception on the performance of insurers in Myanmar,
- Customer awareness on the benefits of insurance system, and
- Customer attitude on the insurance market liberalization in Myanmar.

### **4.5.1 Demographic Profile of Respondents**

The target group of respondents is based on the 100 existing insurance policyholders in Yangon region. The personal profile includes gender, age, educational qualification, occupation and monthly incomes. The demographic profile of potential customers is strategically very relevant and significant in designing and marketing of affordable insurance products.

As shown in table (4.4), a total of 100 respondents to the questionnaires in this study. Analysis of the demographic profile of policyholders shows that in terms of gender segmentation, males constitute 43% of the policyholders and 57% belonging to female. Age wise segmentation of policyholders show that about 52% belong to the age group 18 – 30 formed the majority, 31% belong to the age group 31 - 40 and 17% belonging to 41 – 50 age group in the insurance sector. Highest education wise segments show that graduate constitute 62% with majority, post graduate indicating 22% representing 15% and hardly found 1% is other qualification.

In the occupation segments, majority of 37% respondents are business people, 21% of respondents are employee, professional constitute 31% and other occupational segments persons have a share of 11%. Income wise analysis of customer segmentation indicates that individuals with an annual income of less than Ks. 150,000 is 2% only of policyholders, monthly income of Ks. 150,001 to 300,000 is

comprise of 27%, income Ks. 300,001 to Ks. 500,000 indicate 25% and belonging to the largest share 46% of policyholders are monthly income above Ks. 500,000.

**Table (4.4) Demographic Profile of Respondents**

n = 100

No.	Variable	Category	%
1.	Sex	Male	43%
		Female	57%
		Total	100%
3.	Age	18 – 30	52%
		31 – 40	31%
		41 – 50	27%
		Total	100%
4.	Highest Education	Graduate	62%
		Post Graduate	22%
		Master	15%
		Other	1%
		Total	100%
5.	Occupation	Employment	21%
		Business	37%
		Professional	31%
		Others	11%
		Total	100%
6.	Monthly Income	Less than Ks. 150,000	2%
		Ks. 150,000 – Ks. 300,000	27%
		Ks. 300,301 – Ks. 500,000	25%
		Above Ks. 500,000	46%
		Total	100%

Source: Survey Data 2019

#### **4.5.2 Customer Perception on Performance of Insurance Companies in Myanmar**

Since insurance is basically a service industry customer satisfaction is vitally important. Customer satisfaction with a company's services is often seen as the key to a company's success and long-term competitiveness which can be help improvement between current performance and the desired performance from the companies. Performance of insurance companies is the outcome of customer's satisfaction and their perception on service quality of the insurance service provider.

**Table (4.5) Customer Perception on Performance of Insurance Companies in Myanmar**

<b>Particular</b>	<b>Mean Score</b>	<b>Rank</b>
Employees from insurance sector in Myanmar are experts in insurance knowledge	3.65	5
Insurers in Myanmar solve the problems until the customer are satisfied.	3.74	2
Insurers in Myanmar follow the business ethics when providing insurance services to customers.	3.68	4
Insurers in Myanmar have sound financial position.	3.78	1
Insurers in Myanmar have fast claim process to settle claim payment to the customers	3.73	3
Average	3.71	

Source: Survey data (2019)

According to table (4.5), mean value of first statement represent 3.65 and ranked fifth. That show customers have less satisfaction on employees from insurance sector in Myanmar have expert in insurance knowledge. The mean score of second statement belong to 3.74 and ranked two. That shows the performance of insurers in Myanmar can solve of customer complaint until they are satisfied. Due to the mean value of third statement indicate 3.8 and ranked four. That also show most of the insurers in Myanmar have less follow the business ethic when relationship with customer.

The fourth statement related to financial position of insurers in Myanmar. The mean score of this statement is 3.78 and highest ranked first. That represent the insurers in Myanmar have strongest financial position so that they have abilities to expend their network and robust in existence of long-term competitiveness environment. The mean score of statement related to claim process of insurers in Myanmar is 3.73 and ranked 3 which show most of the insurers have quick responsiveness in claim settlement process that is one of the unique performances to maintain customer loyalty and attitude of repurchase intentions. Even those, the mean score of the all statement revealed nearly the same and above 3, only different in two decimal points that show the perceptions of customer on above stated statements are balancing in performance of insurers in Myanmar.

### 4.5.3 Customer Awareness on Benefits of Insurance System

Insurance has a vital role in stabilizing the economy, trade, and commerce. Insurance is a contingent service, whose purchase is not an end in itself, but rather complementary or required in connection with the production of goods and services. Together with other economic services, insurance is primary importance role in national economy and international trade.

The obvious and most important advantage of insurance system is the compensation of losses. An insurance policy is a type of contract promised to indemnify individual person or organizations for covering losses. From an economic viewpoint, insurance system provides people and businesses with financial protection, so that when something bad happens they can maintain a certain standard of living and situation.

**Table (4.6) Customer Awareness on Benefits of Insurance System in Myanmar**

Particular	Mean Score	Rank
Insurance system can remedy the loss when claim occur	4.05	1
Benefit of health insurance can be recovered the medical expenses in hospitalization.	3.73	5
Insurance system can protect losses not only the damages of policyholder vehicle but also for the other vehicle when accident has happened.	3.87	2
Insurance system can protect financial losses of policyholder by paying compensation.	3.82	4
Insurance system plays a crucial role in sustainable growth of a country economy by remedy the financially losses of policyholder and business operated in a country.	3.85	3
Average	3.86	

Source: Survey data (2019)

Existence of insurance sector depends on benefit of claims. If there are no claims, the need of insurance will not arise. Development of insurance products and their pricing are highly depend on claims. Claims can define the customer relationship of any insurance firm in a moment; the customers experience is also define the success in a moment of the claim.



According to survey result illustrated in table (4.6), the mean score of first statement relating to insurance system can remedy the loss when claim occur – 4.05 and ranked first. That show customers are highest trustworthiness on insurance sector which were emerging on account of insurance market liberalization. The mean score of second statement regarding benefit of health insurance can be recovered the medical expenses in hospitalization – 3.73 and ranked fifth. That indicator show most people are less awareness on benefit of health insurance mechanism.

The mean value of third statement relating to protection mechanism of the product of comprehensive motor insurance is belong to 3.87 and ranked second. This illustrate the customer perception on that product is higher position. Due to that currently the product type of comprehensive motor insurance is one of the most popular products among others. The fourth statement relating to benefit on protection of financial losses, the mean score indicate 3.82 and ranked fourth which also show customer still less awareness on that type of insurance cover compare to other type of insurance product. Regarding the statement of how insurance contribute to the country economy, the mean score on that statement belong to 3.85 and ranked third. That showing customer awareness on insurance system plays a crucial role in sustainable growth of a country economy.

#### **4.5.4 Customer Attitude on Insurance Market liberalization**

Liberalization of Insurance industry in Myanmar is primed to move well beyond today's low base into a modern, international enterprise that can bring enormous economic and social benefits to the country. That resulted in a number of insurance companies (both - private as well as foreign) entering the market. This has led to an increase in the available choices not only in terms of service providers but also in terms of products for customers. Attitude of customers is a matter of utmost importance which is a prominent factor determining the success of insurance companies in pave the way of market liberalization journey.

In this section is designed to measure customers' perception and attitude towards liberalization of insurance sector. The scores assigned to different sequence of statements clearly indicate that policyholders have more confidence and trust in private insurance companies.

**Table (4.7) Customer Attitude on Insurance Market Liberalization in Myanmar**

Particular	Mean Score	Rank
The new generation insurance companies will definitely fail in the long run	2.31	5
The performance of private insurance companies is excellent	3.61	4
Liberalization of insurance industry definitely brought benefits to customers	3.77	2
Private insurance companies introduced competition in the insurance industry	3.78	1
In the pre-liberalization period, performance of insurance industry was not satisfied	3.63	3
Average	3.42	

Source: Survey data (2019)

According to survey result presented in Table (4.7), the mean value of first statement is relating to long-run existence of insurance industry indicate 2.31 with rank fifth. That means most of the customers are trust on sustainable development of insurance companies. The second statement relating to the performance of insurance industry, the mean score is 3.61 with ranked fourth. That mean customers are less confident in the current performance of insurance companies. Therefore, they should more focus on customer centered underwriting system, transparent claim process and product design to get better customer satisfaction. The third statement regarding benefits of insurance market liberation, the mean score is 3.77 with ranked 2. That show most of the customers are encouraged on insurance market liberalization, because that could bring effective product design and reasonable premium price in long-run, they expected. The mean score of fourth statement relating on competitiveness in insurance industry reveal 3.78 and ranked first. It is clearly show that the customers strongly agreed with the statement that the emergence of private players in insurance market is created strongest competition and in Myanmar insurance industry. The mean score of fifth statement relating to less performance of insurance industry before liberalization present 3.63 with ranked third that show some respondent are not agreed on monopolize market and they are likely on competitive environment.

## **CHAPTER V**

### **CONCLUSION**

The main objective of the study is to examine the impact of insurance market liberalization on the Myanmar insurance industry. The specific objectives formulated for the study to measure and analyze the comparative analysis of underwritten premium and claim ratio of insurance companies, insurance penetration and density of insurance companies, analyzing the perceptions, awareness and benefits on insurance, and attitude of policyholders undergoing the Myanmar insurance market liberalization. Every single impact is critical important in improvement of insurance industry and sustainable growth of economy.

#### **5.1 Findings**

The process of insurance market liberalization Myanmar insurance sector has significantly impact on the insurance industry. There is notable growth in purchasing of policy and fairly claim in general insurance business that show insurance companies generate income every year as soon as entering to the market and reaching out financially stronger in shorter time. The premium becomes a capital investment by means of investing in government bonds and securities thus injecting money back into the country economy.

In the changing market structure of the insurance sector, there is going to be a great opportunities for insurance industry to expand its market base. Entry of private companies can be created a paradigm shift in insurance market in Myanmar in terms of products, tariffs, customer service. The liberalization of the insurance market in Myanmar not only boosts growth in the sector but also contribute to the growth of the financial services sector.

After opening up of insurance in private sector, various leading private companies including joint ventures with world class insurer, worldwide giant fully owned life insurance companies have entered the fields of insurance business. The entry of local and foreign players in insurance business needful and justifiable in order to enhance the efficiency of operations, achieving greater density and insurance coverage in the country and for a greater mobilization of long term savings. These are the supplement in achieving the objective of growth of insurance business in Myanmar. The overall business of insurance industry has been significantly increased

after market liberalization but only 1% of population bought insurance cover and still huge population is being uninsured.

Customer perception, awareness, and attitude on insurance companies, insurance system and benefits of insurance are crucial factor to a company's success and long-term competitiveness that can promote desire efficiency and performance of insurance companies. Customer satisfaction and their perception on expected quality service come from excellent performance of insurance companies. According to survey customer in insurance industry has generally in fair satisfaction on insurance companies. Most of insurance company has sound financial condition, they have well experience in solving complaints and customers are satisfied in claim process. But most of insurance employees have less in insurance knowledge. Insurance companies are weak to follow the business ethics. Although, most of policy holder understands benefit of insurance system but some are still confusing on benefit of insurance appear that companies are weak in insurance literacy programme.

Customers are trusted in the long-term sustainability on entry of new generation insurance companies and benefits of insurance market liberalization. Most of customer have positive attitude on market liberalization process perhaps less satisfaction on the efficiency and performance of insurance industry and less awareness of insurance system, it seems to be also depending on some factor of weak in promotion incentives programme, service quality, easy to access, simple terms and conditions, no choice of insurance company in pre-liberalization period. Stronger competitive environment is created in market liberalization process resulting of the private insurance companies with its new innovative products and better customer services are expanding their business and certainly going to give a strong competition. Competition can brought more product innovation and better customer servicing and bring positive influence on the insurance business in terms of market liberalization.

The above-mentioned evaluations show that the insurance market liberalization process has an overall positive impact on the growth and performance of insurance industry in Myanmar and for sustainable growth of country economy. Some challenges are unfamiliarity with insurance knowledge, lack of proper distribution channels, and less interest in the product types these are offered.

## 5.2 Recommendations

As a fledgling insurance market in Myanmar, the rate of insurance penetration and density is very low, even didn't reach one percent compare to other neighboring countries, however the insurance penetration and density rate in Myanmar is steadily growing. Many researchers are estimated that in 2020 the penetration rate can be reaching out 1.4% of GDP. In Myanmar on 2% million out of a population over 50 million are insured. Penetration rate is less than 1% of GDP, the lowest in the region with still in early infancy stage.

Investment options, data and regulatory capacity are the critical issues in the insurance sector faces. The insurance companies have limited investment opportunities. They do not receive interest on their deposits with State-owned banks, and the only investment product open to them is government treasury bonds. These also do not pay a market based interest rate and longest maturity is five years. The regulatory regime on products and pricing has made difficulties in expansion. In this regards, IBRB should lessen restrictions on permitted private insurance sector to cover certain products and at predetermined prices, so they can be innovating new affordable type of products compatible with the customer expectation and market, that can be encouraged to promote the insurance penetration and density and more contribute to the growth of national economy by means of mobilize saving and investment in related organized markets.

Furthermore, authority should also allow to introduce new distribution channel likes cross-sale, bancassurance and tied agent system with more customers, therefore can be served with new insurance products and effective sale channel, finally , Modernizing in information technology (IT) is a key factor to improve efficiency of insurance sector. Myanmar insurance sector should also establish the technology enable insurance service, that enable customer will get better insurance protection from any time and any place, policies and benefits together with 24 hour better services. Therefore, using of various distribution channels that can be expended wider insurance coverage network reaching out to untapped insurance market in whole country and the insurance sector will improve.

Expertise in insurance knowledge of employees is essential in better efficiency and performance of insurance companies to get customer satisfaction and long-term existence in highly competitive environment, especially participation of world renowned giant insurer in Myanmar insurance industry. Employees from insurance

companies have not enough in experiences, insurance knowledge and skill to compete entry of international level experienced foreign insurer. So the local insurance companies urgently need to conduct varieties of training programs for employees, both in local and abroad.

Life-insurance sector is the small size compare to general insurance sector in Myanmar, due to lack of customer awareness, low availability of products and limited disposable incomes. Insurance companies should turn into opportunities on such a huge potential area with better product accessibility and services, suitable pricing model and easily availability.

According to demographics condition of Myanmar, should also consider for innovating micro-insurance product especially for peoples who are living rural area. That is aiming to low-income portion of the population and people in remote rural area since 70 per cent of the population lives in rural areas presenting significant potential.

### **5.3 Needs for Further Studies**

This study analyzed the impact of insurance market liberalization on Myanmar insurance industry by using macroeconomic variables likes growth of insurance penetration and density, these indicators are standardize measurement tools for how much insurance industry contribute to the sustainable development of national economy. By using secondary data, comparative analysis of underwritten premium and claim ratio, are collected from related sources of Myanmar insurance industry. Basically the underwritten premium and the compensation of claim ratio indicate the performance and profit creation of insurance. In order to available of official data, in this study can only analyzed on aggregate industry data that may not be completely evaluated on specific product-wise performance. It is crucial to consider which type of products are meeting customer expectation how much able to contribute consumer's socio and business need, most effectiveness in creation of premium income for insurers and positively or negative related to country economy.

Furthermore, in this study examined limited sample size and area of 100 respondents who are existing policyholders from different insurance companies in Yangon region for fiscal year 2014-15 to 2018 (April-September) only. Which may not represents whole insurance industry especially for rural area, since 70% of population lived in that area. Therefore, wider respondent of all stake holders like

customers lived in both rural and urban area, senior officials and employees from insurance industry and banking industry, regulators, government and non-governmental organizations and associations who related to insurance industry are strongly suggested for covering to picture whole insurance industry. Moreover, it is also strongly recommended to study longitudinal analysis, longer the period more reduce bias, allow to make better decisions and almost closer to the actual condition of whole insurance industry.

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**APPENDIX (A)**

**Table (1) Insurance Products Available in Myanmar**

<b>Life</b>	<b>Non-Life</b>
(1) Government Services Personnel Life Insurance	(1) Third Party Motor Liabilities Insurance
(2) Army Personnel Life Insurance	(2) Comprehensive Motor Insurance
(3) Public Life Insurance	(3) Fire & Allied Perils Insurance
(4) Short Terms Endowment Life Insurance	(4) Inland Marine Cargo Insurance
(5) Education Life Insurance	(5) Marine Hull Insurance
(6) Student Life Insurance	(6) Aviation Insurance
(7) Group Life Insurance	(7) Ship Owner & Operator's Liability Insurance
(8) Seaman Life Insurance	(8) Tiger Fishing Barge Owner's Liability Insurance
(9) Shore Job Life Insurance	(9) Oil & Gas Insurance
(10) Snakebite Life Insurance	(10) Engineering Insurance
(11) Sportsman Life Insurance	(11) Contractor's All Risk Insurance
(12) Farmer Life Insurance	(12) Erection All Risks
	(13) Electronic Equipment Insurance
	(14) Machinery Insurance
	(15) Cash in Safe Insurance
	(16) Cash in Transit Insurance
	(17) Fidelity Insurance
	(18) Deposit Insurance
	(19) Credit Guarantee Insurance
	(20) Workmen's Compensation Insurance
	(21) Comprehensive General Liability Insurance
	(22) Miner's Liability Insurance
	(23) Personal Accident Insurance
	(24) Health Insurance
	(25) Critical Illness Insurance
	(26) Micro Health Insurance
	(27) Travel Insurance
	(28) Highway Express (Special) Travel Insurance

Source: Financial Regulatory Department, 2019

**Table (2) Foreign Insurance Representative Offices in Myanmar**

No.	Country	Names of Life Insurance Offices
1	Australia	AIA Company Limited.
2	France	Poe-ma Insurance Co., Ltd.
3	Germany	Allianz Global Corporate & Specialty SE.
4	Hong Kong	Manulife Financial Asia Ltd.
5	India	The New India Assurance Co., Ltd.
6	Japan	Dai-Ichi Life Holdings, Inc.
7		Taiyo Life Insurance Company
8		Mitsui Sumitomo Insurance Co., Ltd.
9		Sompo Japan Nippon Koa Insurance Inc.
10		Tokio Marine & Nichido Fire Insurance Co., Ltd.
11		Nippon Life Asia Pacific (Regional HQ) Pte. Ltd
12	Korea	DB Insurance Co., Ltd
13	Malaysia	K.M.Dastur & Company Private Ltd.
14	Singapore	Willis Towers Watson Brokers (Singapore) Pte. Ltd.
15		MARSH Pte. Ltd.
16		Pana Harrison (Asia) Pte. Ltd
17		Asia Reinsurance Brokers Pte. Ltd
18		Grandiose Pte. Ltd
19		Acclaim Insurance Broker Pte. Ltd
20		Great Eastern Life Assurance Co., Ltd.
21		McLarens Singapore Pte. Ltd.
22	Sri Lanka	LOLC Life Insurance

No.	Country	Names of Life Insurance Offices
23	Taiwan	Shin Kong Life Insurance Co., Ltd.
24	Thailand	Muang Thai Life Assurance Public Co., Ltd.
25		Muang Thai Insurance Co., Ltd
26		Thai Life Insurance Public Co., Ltd.
27		Jardine Lloyd Thompson Ltd (JLT).
28	UK	Prudential Holdings Ltd.
29	USA	MetLife Asia Ltd.
30		CHUBB INA International Holdings Ltd.
31		United Overseas Insurance Ltd.
32	Vietnam	AEGIS Management Consultants & Insurance Agency Co., Ltd
33		MGA Asia Insurance Brokers Co., Ltd

Source: Myanmar Insurance Newsletter, 2018

**Table (3) Life insurance Business in Myanmar to be operated by a 100% wholly owned Foreign Insurer through Subsidiary Insurance Company**

<b>Sr.</b>	<b>Foreign Insurer</b>	<b>Country</b>
1.	AIA Myanmar Life Insurance Co., Ltd.	Hong Kong
2.	CHUBB Life Insurance Myanmar Ltd.	United States
3.	DAI-ICHI Life Insurance Myanmar Ltd.	Japan
4.	Manulife Insurance Co., Ltd.	Canada
5.	Prudential Myanmar Life Insurance Ltd.	United Kingdom

Source: Financial Regulatory Department, 2019

**Table (4) Life Insurance Business in Myanmar to be operated by a Joint Venture between Myanmar Insurer and Foreign Insurer**

<b>Sr.</b>	<b>Myanmar Insurer and Foreign Partner</b>
1.	Capital Life Insurance Ltd. and TAIYO Life Insurance Co., Ltd.
2.	Citizen Business Insurance Public Ltd. and Thai Life Insurance Public Co., Ltd.
3.	Grand Guardian Life Insurance Co., Ltd. and Nippon Life Insurance Company

Source: Financial Regulatory Department, 2019

**Table (5) Non-Life insurance business in Myanmar to be operated by a joint venture between Myanmar insurer and Foreign Insurer**

<b>Sr.</b>	<b>Myanmar Insurer and Foreign Partner</b>
1.	AYA Myanmar General Insurance Co., Ltd. and SOMPO Japan Nipponkoa Insurance Inc.
2.	Grand Guardian General Insurance Co., Ltd. and TOKIO Marine and NICHIDO Fire Insurance Co., Ltd.
3.	IKBZ Insurance Co., Ltd. and MITSUI Sumitomo Insurance Co., Ltd.

Source: Financial Regulatory Department, 2019

**Table (6) List of Local and Foreign Insurance Companies in Myanmar**

<b>Sr.</b>	<b>Name of Company</b>	<b>Type of Institution</b>
1	Myanma Insurance	Government-owned Composite Insurance Company
2	IKBZ Life Insurance Co., Ltd	Local Private Life Insurance Company
3	Aung Thitsar Oo Life Insurance Co., Ltd.	
4	Aung Myint Mo Min Insurance Co., Ltd.	
5	First National Insurance (Life) Co., Ltd.	
6	AYA Myanmar Life Assurance Co., Ltd.	
7	Global Life Insurance Co., Ltd.	
8	Young Insurance (Life) Co., Ltd.	
9	Excellent Fortune Life Insurance Co., Ltd.	
10	First National Insurance (General) Co., Ltd.	
11	Global World Insurance Co., Ltd.	
12	Young Insurance Co., Ltd.	
13	Excellent Fortune General Insurance Co., Ltd.	
14	Aung Thitsar Oo General Insurance Co., Ltd.	
15	AIA Myanmar Life Insurance Co., Ltd. (FL-001)	100% wholly owned Foreign Life Insurance Company
16	CHUBB Life Insurance Myanmar Co., Ltd. (FL-002)	
17	DAI-ICHI Life Insurance Myanmar Co., Ltd. (FL-003)	
18	PRUDENTIAL Myanmar Life Insurance Ltd. (FL-004)	
19	MANULIFE Insurance Life Insurance Co., Ltd. (FL-005)	



<b>Sr.</b>	<b>Name of Company</b>	<b>Type of Institution</b>
20	CB Life Insurance Co., Ltd. (JVL-001)	Joint Venture Life Insurance Company
21	CAPITAL TAIYO Life Insurance Ltd. (JVL-002)	
22	Grand Guardian NIPPON Life Insurance Ltd. (JVL-003)	
23	AYA SOMPO Insurance Co., Ltd. (JVG-001)	Joint Venture Non-Life Insurance Company
24	Grand Guardian TOKIO MARINE General Insurance Co., Ltd. (JVG-002)	
25	KBZ MS General Insurance Co., Ltd. (JVG-003)	

Source: Financial Regulatory Department, 2019

## APPENDIX (B)

### SURVEY QUESTIONNAIRE ON RESEARCH TOPIC

Dear Respondent, I wish to inform you that I am pursuing my research on the topic “**Impact of Insurance Market Liberalization on the Myanmar Insurance Industry**”.

This survey is intended to study in doing research for Master of Banking and Finance, Yangon University of Economics.

Now a day, the world is being challenges by the natural disasters with the growth age. Although human beings cannot prevent these risks but we can manage by transferring risk. In which, insurance system is an essential tool that can mitigate the losses by financial means when we can use it in recovery process.

#### “**Impact of Insurance Market Liberalization on the Myanmar Insurance Industry**”

**Purpose:** My study is intended to know the people in Myanmar about the important of the insurance market liberalization and how it can benefit to the community, development of insurance industry and sustainable growth of a country economy.

**Confidentially:** I assure you that the information provided by you will be used for the purpose of academic research only. Responses will be kept strictly confidential and anonymous. The data will be represented in a way so that no individual can be identified. Your name will not be filled in paper. Appreciate your valuable time and kind cooperation.

Please tack a mark (✓) the appropriate response.

#### (a) **Profile of Respondent**

1. Gender : Male  Female
2. Age : 18 to 30  31 to 40  41 to 50  Above 50
3. Highest Educational Qualification:  
High School  Graduate  Post Graduate  Master
4. Occupation:  
Employment  Business  Professional  Others
5. Monthly Income (in Kyats)  
Less than 150,000  150,000 to 300,000   
300,001 to 500,000  Above 500,000

(b) Kindly tick (✓) in the respective box that your agreement/disagreement on the following statements regarding **Customer Perception on Performance of Insurers in Myanmar** described by each statement.

No.	Particular	SA	A	N	DA	SDA
6.	Employees from insurance companies are experts in insurance knowledge					
7.	Insurance companies solve the problems until the customer satisfaction.					
8.	Insurance companies have fast claim process to settle claim to the customers					
9.	Insurance companies in Myanmar have sound financial position.					
10.	Insurance companies in Myanmar follow the business ethics when providing insurance services to customers.					

(c) Kindly tick (✓) in the respective box that your agreement/disagreement on the following statements regarding **Customer Awareness on Benefit of Insurance System** described by each statement.

No.	Particular	SA	A	N	DA	SDA
11.	Insurance can remedy the loss when claim occur					
12.	Benefit of health insurance can be recovered the medical expenses in hospitalization.					
13.	Insurance can protect losses not only the damages of policyholder vehicle but also for the other vehicle when accident has happened.					
14.	Insurance companies can protect financial losses of policyholders by paying compensation.					

15.	Insurance system plays a crucial role in sustainable growth of a country economy by remedy the financially losses of policyholders and businesses operated in a country.					
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(d) Kindly tick (✓) in the respective box that your agreement/disagreement on the following statements **Customer Attitude on Insurance Market Liberalization in Myanmar** described by each statement.

No.	Particular	SA	A	N	DA	SDA
16.	The new generation insurance companies will definitely fail in the long run					
17.	The performance of private insurance companies is excellent					
18.	Liberalization of insurance industry definitely brought benefit to customers					
19.	Private insurance companies introduced competition in the insurance industry					
20.	In the pre-liberalization period, performance of insurance industry was not satisfied					

**Note:**

- SA - Strongly Agree
- A - Agree
- N - Neutral
- DA - Disagree
- SDA - Strongly Disagree