

YANGON UNIVERSITY OF ECONOMICS
MASTER OF ECONOMICS

A STUDY ON MYANMA INSURANCE ENTERPRISE

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A STUDY ON MMYANMA INSURANCE ENTERPRISE

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Abstract

Insurance is one of the best-known and links into other financial sector, most valuable of protecting against the risks associated with everyday life for human being, some people aware the benefits of effecting the insurance covers for protection of loss potentials in daily business. The purpose of this paper is to examine the development of Myanmar Insurance Enterprises. The method is descriptive method by using the secondary data from 2006/2008 to 2016/2017. Businesses providing protected and stabilities and individual families future loss safety are basic on rely with insurance services. Life insurance premium income and the Fire & Allied Perils Insurance premium incomes and claims payments normally increased and that is shown in Year 2007/08 to 2016/2017. And also, Marine, Aviation & Travel Insurance services and Third Party Liabilities and Comprehensive Motor premium incomes and claims payment are increased by yearly from 2008/09 to 2017/18. Nowadays, the insurance becomes a major component in certain economies. Insurance sector is now more and more including in gross domestic products. The policyholder has purchased insurance policy. So, all business sector should have accepted the policy from the insurer whatever the business in crises, there were not dilapidation and so that the business is stability.

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LIST OF ABBREVIATIONS

ACORD	-Association for Cooperative Operation Research Development
CDC	-Centers for Disease Control
DICA	-Directorate of Investment and Company Administration
FNIP	-First national Insurance Public
GDP	-Gross Domestic Product
IBRB	-Insurance Business Regulatory Board
IBSB	-Insurance Business Supervisory Board
MENA	-Middle East and North Africa
MI	-Myanma Insurance
NGO	-Non-Government Organization
NI	-National Insurance
OECD	-Organization of Economic Cooperation and Development
PBUP	-People's Bank of the Union of Burma
PTD	-Permanent Total Disability
SEZ	-Special Economic Zone
TSMC	-Thilawa SEZ Management Committee
UIB	-Union of Insurance Board
YIG	-Young Global Insurance/Young Investment Group
MMK	-Myanmar Kyats
MoF	-Ministry of Finance
MIFR	-Myanma Insurance Finance Reports
MEB	-Myanma Economic Bank

Chapter 1

Introduction

1.1 Rationale of the Study

Insurance is the protection from financial loss. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss. Insurance as a financial intermediary is a commercial enterprise and a major part of the financial services industry, but individuals can also self-insure through saving money for possible future losses. It may be necessary to know that eradicating public's losses economically and socially knowledge for how to providing protection. Insurance takes enthusiastically to render recoupment of past losses who suffered from economics and social losses due to act of providing protection of human beings.

In the case of human being, death is a certain but the time of the death is uncertain. The person insured because of the uncertainty about the time of his or her death. Insurance services with it assets size and relative stability of cash flow are likely to play a key role in the development of financial services. Insurance is important because it protects a person or entity from extreme financial loss or responsibility due to an unfortunate emergency, accident or negative unforeseen event. There are many different kinds of insurance, some of which cover a person and some of which cover businesses and other entities.

There are many different types of insurance, but Investopedia says the most important types of personal insurance people should consider having in place include: long-term disability insurance, life insurance, health insurance, homeowner's insurance and auto insurance. Businesses should consider carrying property, general liability and professional liability insurance. Insurance can protect people from financial devastation should the worst-case scenario happen. In the case of a car accident, for example, the insurance company will usually cover medical expenses and the cost to repair the car or purchase a new one. Health insurance helps to cover the day-to-day costs of doctors and prescription medications, but most importantly, it picks up the bulk of the cost should someone be diagnosed with a chronic or major

medical condition, such as cancer. Business insurance can save a company from financial ruin in cases like medical malpractice, slip-and-fall injuries on the business property or injuries that may happen to an employee on the job.

In Myanmar, the insurance business started in 1826. After Burma National insurance had been nationalized in accordance with the Insurance Company Nationalization Act, Union of Insurance Board was founded on the 1st March, 1952. Union of Insurance Board started to underwrite compulsory Government Service Personal Life Insurance and Military Personal Life Insurance on the 1st March, 1953. The liberation and globalization of Myanmar economy the financial services sector has come to significant importance, and life insurance, general insurance being as essential constituent of the financial sector, has to assume special prominence. In Myanmar Insurance, most of the insurance are only co-insurance and reinsurance. And then, Myanmar Insurance undertakes the thirty insurance services. Myanmar Insurance was restricted to cope with the new situation and it has emerged stronger than ever and still maintains a dominant position within the Myanmar insurance market. Myanmar Insurance would likely result in efficiencies and operational improvements, it would be done without damaging Myanmar's most experienced and best backed insurance firm. The insurance becomes a major component in certain economies in Myanmar by providing protection of Fire & allied perils, Third party liabilities and Comprehensive Motor vehicle. It is currently more and higher. Even, life insurance sector has been more taking enthusiastically year by year in Myanmar; individual known that life insurance will due to act of providing protection of future loses. Not only the self –insurance, business sector and bank role also increasing in general insurance service which will get the risk for future business stability. Now, the insurance sector gradually improvement in Myanmar and there are many kinds of insurance in Myanmar.

1.2 Objective of the Study

The main objective of this study is to study the development of Myanmar Insurance Services.

1.3 Method of Study

This study used Descriptive methods and it is based on secondary data from handbook and annual reports of the Myanmar Insurance, the Publication of Myanmar insurance magazines and some article from internet web sites. Requirement data and materials are also obtained from library of Yangon University of Economics and Ministry of Finance and Revenue Department.

1.4 Scope and Limitation of the Study

The Scope of the study is focused on Myanmar Insurance Services and based on Fiscal year 2007/08 to 2016/17 from Myanmar Insurance Enterprises. It give more emphasizes on the development of Myanmar Insurance Services. The limitations is that this study focuses on the Myanmar Insurance Enterprises Services. Especially, the resources available references materials and time constraint dealing with the Myanmar Insurance, Ministry of Finance and Revenue.

1.5 Organization of the Study

This thesis is organized into five chapters. Chapter 1 consists of Rationale of the Study, Objective of the Study, Method of Study, Scope and Limitation of the Study and Organization of the Study. Chapter 2 presents to risk and insurance, stability of business sector, the impact on economic growth, insurance terms and global insurance sector. Chapter 3 introduces history of Myanmar Insurance, types of insurance and classes of insurance. Chapter 4 focuses on the of Myanmar Insurance services, the ratio of Insurance in GDP, the effectiveness of public society beneficial and stabilities of business sectors. Chapter 5 is the finding and suggestion of Insurance Services in Myanmar.

Chapter 2

Literature Review

2.1 Historical Background of Insurance

Merchants have sought methods to minimize risks since early times. Methods for transferring or distributing risk were practiced by Chinese and Babylonian traders as long ago as the 3rd and 2nd millennia BC, respectively. Chinese merchants travelling treacherous river rapids would redistribute their wares across many vessels to limit the loss due to any single vessel's capsizing. The Babylonians developed a system which was recorded in the famous Code of Hammurabi, c. 1750 BC, and practiced by early Mediterranean sailing merchants. If a merchant received a loan to fund his shipment, he would pay the lender an additional sum in exchange for the lender's guarantee to cancel the loan should the shipment be stolen, or lost at sea. Circa 800 BC, the inhabitants of Rhodes created the 'general average'. This allowed groups of merchants to pay to insure their goods being shipped together. The collected premiums would be used to reimburse any merchant whose goods were jettisoned during transport, whether due to storm or sinkage.

Separate insurance contracts (i.e., insurance policies not bundled with loans or other kinds of contracts) were invented in Genoa in the 14th century, as were insurance pools backed by pledges of landed estates. The first known insurance contract dates from Genoa in 1347, and in the next century maritime insurance developed widely and premiums were intuitively varied with risks. These new insurance contracts allowed insurance to be separated from investment, a separation of roles that first proved useful in marine insurance. Insurance became far more sophisticated in Enlightenment era Europe, and specialized varieties developed (J.Franklin, 2001)

Property insurance as we know it today can be traced to the Great Fire of London, which in 1666 devoured more than 13,000 houses. The devastating effects of the fire converted the development of insurance "from a matter of convenience into one of urgency, a change of opinion reflected in Sir Christopher Wren's inclusion of a site for 'the Insurance Office' in his new plan for London in 1667. A number of attempted fire insurance schemes came to nothing, but in 1681, economist Nicholas Barbon and eleven associates established the first fire insurance company, the "Insurance Office for Houses," at the back of the Royal Exchange to insure brick and frame homes. Initially, 5,000 homes were insured by his Insurance Office.

At the same time, the first insurance schemes for the underwriting of business ventures became available. By the end of the seventeenth century, London's growing importance as a center for trade was increasing demand for marine insurance. In the late 1680s, Edward Lloyd opened a coffee house, which became the meeting place for parties in the shipping industry wishing to insure cargoes and ships, and those willing to underwrite such ventures. These informal beginnings led to the establishment of the insurance market Lloyd's of London and several related shipping and insurance businesses.

The first life insurance policies were taken out in the early 18th century. The first company to offer life insurance was the Amicable Society for a Perpetual Assurance Office, founded in London in 1706 by William Talbot and Sir Thomas Allen. Edward Rowe Mores established the Society for Equitable Assurances on Lives and Survivorship in 1762.

It was the world's first mutual insurer and it pioneered age based premiums based on mortality rate laying "the framework for scientific insurance practice and development" and "the basis of modern life assurance upon which all life assurance schemes were subsequently based.

In the late 19th century "accident insurance" began to become available. The first company to offer accident insurance was the Railway Passengers Assurance Company, formed in 1848 in England to insure against the rising number of fatalities on the nascent railway system.

By the late 19th century governments began to initiate national insurance programs against sickness and old age. Germany built on a tradition of welfare programs in Prussia and Saxony that began as early as in the 1840s. In the 1880s Chancellor Otto von Bismarck introduced old age pensions, accident insurance and medical care that formed the basis for Germany's welfare state. In Britain more extensive legislation was introduced by the Liberal government in the 1911 National Insurance Act. This gave the British working classes the first contributory system of insurance against illness and unemployment. This system was greatly expanded after the Second World War under the influence of the Beveridge Report, to form the first modern welfare state (E.P.hennock, 2007)

2.2 Basic concepts of Risk and Insurance

There are definition of risks and a discussion of the various types of risk. Some risks are uncertain losses caused by perils. Hazards are conditions that increase the chance that a loss will occur. In this course will be pure risks—risks in which the possible outcomes are loss and no loss. As an individual, personal risks, property risks, and liability risks. There are a number of methods for handling risk: avoidance, retention, loss control, noninsurance transfers and insurance. Risk can also be defined as the intentional interaction with uncertainty. Risk is the same thing as uncertainty. Uncertainty is a potential, unpredictable and uncontrollable outcome. Based on this theory, risk is defined as uncertainty concerning the occurrence of loss. For example, the risk of lung cancer for smokers is present since uncertainty is present. The nature of the risks are speculative risks, personal risks, property risks and liability risks, societal risks and pure risks, even Insurable risks and uninsurable risks, all the risks have potentials to meet the chance of loss. Economists, behavioral scientists, risk theorists, statisticians and actuaries each have their own concept of risk. Risk is the potential of gaining or losing something of value.

Some Authors define “risk” as “chance of loss”. There are two things; the first- uncertainty as to the outcome of some future event or events and the second- loss as the result of at least one possible outcome. But the idea of risk is different from “chance of loss”. It defines the chance of loss as the probability that an event will occur. “Chance of loss is closely related to the concept of risk”. Otherwise define risk as uncertainty go one

step further and classify risk as subjective and objective. Financial Risk refers to the uncertainty of loss because of adverse changes in commodity prices, interest rates, foreign exchange rates and the value of money. As long as all risks are not perfectly correlated, the firm can offset one risk against another, thus reducing the firm's overall risk. Treatment of financial risks requires the use of complex hedging techniques, financial derivatives, futures contracts and other financial instruments (Thein, 2016)

(a). Moral Hazard (Subjective Risk)

Subjective risk is defined as uncertainty based on a person's mental condition or state of mind. For example, an individual is drinking heavily in a bar and foolishly attempts to drive home after the bar closes. The man who the driver may be uncertain whether he will arrive home safely without being arrested by the police for drunken driving. The mental uncertainty is called subjective risk. Subjective risk varies depending on the individual. Two persons in the same situation may have a different perception of risk and their conduct may be altered. High subjective risk often results in conservative and prudent conduct, while low subjective risk may result in less conservative conduct. Thus, the driver may have been previously arrested for drunk driving and is aware that he has consumed too much alcohol. The driver may compensate for the mental uncertainty by getting someone else to drive him home or by taking a taxi. In contrast, another driver in the same situation may perceive the risk of being arrested for drunk driving as slight. The second driver may drive in a careless and reckless manner; a low subjective risk results in less conservative driving behavior (Thein, Subjective Risk, 2016)

(b). Physical Hazard (Objective Risk)

Objective probability refers to the long-run relative frequency of an event based on the assumptions of an infinite number of observations and of no change in the underlying conditions. The objective risk is defined as the relative variation of actual loss from expected loss. For example, a fire insurer has 10,000 houses insured over a long period and on the average one percent or 100 houses burn each year. Whatever, it would be rare for exactly 100 houses to burn each year. In some years, as few as 90 houses may burn, while in the other years as many as 90 houses may burn. There is a variation of 10

houses from the expected number of 100 or a variation of 10 percent. This relative variation of actual loss from the expected loss is known as objective risk. This can be statistically measured by some measures of dispersion, the standard deviation or coefficient of variation. And then, it is extremely useful concept for an insurance company or corporate risk manager. The number of exposures increases, the insurance company can predict its future loss experience more accurately because it can rely on the law of large numbers. The law of large number states that as the number of exposure units increases the more closely will the actual loss experience approach the probable loss experience (Thein, Objective Risk, 2016)

(c). Risk Management

Risk management is defined as identification, measurement and treatment of risks. Risk management process is followed by the risks with the greatest loss and greatest probability. Risk management also faces difficulties allocating resources. Risk management could have been spent on more profitable activities. Risks can come from various sources including uncertainty in financial markets, threats from project failures, credit risk, accidents, legal liabilities, disasters and natural causes, deliberate attack from an adversary or events of uncertain or unpredictable root-cause. There have been two types of events: positive events and negative events. Positive events can be classified as opportunities and negative events can be classified as risks. Risk Management professionals generally start with positions that involve broking or underwriting. The job portfolio widens with time as they start looking after risk financing and risk control before finally applying it in the domains of management, accounting, marketing and finance. There are avenues for risk management professional in the fields of fire, security and health also. Each field requires a specific qualification and there are plenty of institutes offering such courses. The primary job responsibilities of a risk management professional include assessing and identification of operational risk. This role is specialized and requires special attributes like planning, prioritizing and execution skills and an eye for detail from the conventional skills. Banking also offers many profitable avenues. They need good risk management professionals. Risk is an integral part of all

banking activities and requirements. Risk management positions and profiles are not floated on job portals or advertised like other jobs (R.B.Drennan, 2013, July 10)

(d). Insurance

The insurance means to protection from the financial loss. The insurance services pay for the insurance claim for the insurers is called indemnity. Indemnity is exactly means the use of insurance claim. Dinday and Markmardy also mean that “insurance claim is make better ways for financing loss”. Insurance is an important method of transferring pure loss exposures to an entity better positioned to handle the risks. What is insurance and how does insurance work? The important characteristics of insurance and what conditions must be present for a risk to be privately insurable. Private insurance can be divided into two divisions: property and liability insurance and life and health insurance. Government insurance programs are designed to insure risks that may not be insurable by a private insurance company. Although insurance provides many benefits to society, there are some costs associated with the use of insurance. Insurance is an economic institution that allows the transfer of financial risk from an individual to a pooled group of risks by means of a two-party contract. Most insurance policies have some form of deductible, which means that the insured party must cover the first portion of their loss. For example, a 10 percent deductible on a \$100,000 earthquake policy means that the insurer is responsible for property damage that exceeds \$10,000 up to some pre-specified maximum amount, the coverage limit.

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

- (i) Pooling of losses
- (ii) Payment of fortuitous losses
- (iii) Risk transfer
- (iv) Indemnification

(i). Pooling of Losses

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

(ii). Payment of Fortuitous Losses or Accidental Losses

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

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

Law of large number is based on the assumption that losses are accidental and occur randomly. Therefore, Insurance policies don't pay for intentional losses.

(iii). Risk Transfer

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

(iv). Indemnification

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

Private insurers only insure pure risks but not all pure risks are insurable. A pure risk ideally should have certain characteristics to be insurable.

- Large number of exposure units.
- Loss must be accidental and unintentional.
- Loss must be determinable and measurable.

- Loss should not be catastrophic.
- Chance of loss must be calculable.
- Premium must be economically feasible.

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

2.3 Global Insurance Sector

The insurance industry is a major component of the economy by virtue of the amount of premiums it collects, the scale of its investment and more fundamentally, the essential social and economic role it plays by covering personal and business risks. This annual report monitors global insurance market trends to support a better understanding of the insurance industry's overall performance and health. Gross premiums of domestic insurance companies rise up in real terms in 15 countries in both life and non-life sectors. Belgium, Finland and Norway were the only three countries in the sample where premiums declined in both sectors in real terms.

Global insurance sector set to grow more strongly by 2018. The global insurance sector is likely to see slightly increased growth by 2018. Better economic prospects in the USA and in many emerging markets will offset negative factors such as declining growth in the Chinese market. In the long term, the emerging markets of Asia will have the

greatest growth potential and their share of primary insurance premium is expected to be on a par with that of Western Europe in the next few years.

Overall, the international primary insurance sector will grow by 4.5% on average (3.0% in real terms, i.e. adjusted for inflation) in 2017 and 2018. Whilst premium income is likely to grow only nominally this year, slightly higher real growth of 3.0% is expected for 2018. Premium in the insurance sector are therefore likely to evolve in line with the global economy, which should show real growth of 2.9% and 3.1% in 2018. Projected premium growth will thus be slightly higher than that of 2016 and significantly exceed the average growth rate of almost 2% for the past ten years.

Michael Menhart, Chief Economist at Munich Re: “The economies of many emerging markets, such as Brazil, but even Russia, are experiencing a significant recovery. This is leading to increased growth in property-casualty insurance. In most of the industrialized world – in the Europe zone, the USA and Japan – demand has been bolstered by a solid economic environment. We project that life insurance there will see only marginal growth owing to the low-interest-rate environment. By contrast, demand in the emerging markets will continue to rise appreciably. Growth prospects for insurers are therefore looking a little brighter worldwide (Wollner.KS, 1999)

Property-casualty business, premium volume will grow. Projected inflation-adjusted growth will thus be roughly half a percentage point below global economic growth. The emerging markets of Asia and increasingly also the MENA (Middle East and North Africa) region, are likely to exhibit the strongest growth rates. The established markets of Europe and North Africa will naturally see a much lower rate of expansion.

There are many different reasons for the weaker pace of growth in property-casualty insurance. The insurance industry is now beginning to respond to mounting pressure in a number of industrialized countries. Insurance companies have been consistently developing their business models; new products, sales channels, and coverage concepts have been cultivated for new risks such as cyber attacks; and IT

systems have been modernized. As a result, new business opportunities are gradually opening up in these markets.

Prospects in the industrialized countries continue to be clouded by persistently low interest rates. Premium growth here is likely to fall short of economic growth. However, strong premium expansion in the emerging markets will almost fully compensate for the moderate development in the industrialized countries.

The emerging markets are gaining more and more weight in the international insurance industry: the emerging markets' share of the anticipated additional premium volume is expected to rise from 20% in 2016 to 47% by 2025.

Rising standards of living and increasing insurance coverage needs are two major contributory factors. Interest rate increases and demographic trends could revitalize the life insurance segment in the industrialized countries as well (Porter.K, 2007)

2.4 Insurance terms of Types

The insurance terms of types are the following;

- (i). Insurance Policy
- (ii). Underwriting and Investing
- (iii). Claims
- (iv). Claims adjuster or Claim handle
- (v). Marketing
- (vi). Broker vs. Agent

(i). Insurance Policy

In insurance the insurance policy is a contract (generally a standard form of contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay. In exchange for an initial payment, known as the premium, the insurer promises to pay for loss caused by perils covered under the policy language.

Insurance contracts are designed to meet specific needs and thus have many features not found in many other types of contracts. Since insurance policies are standard forms, they feature boilerplate language which is similar across a wide variety of different types of insurance policies.

The insurance policy is generally an integrated contract, meaning that it includes all forms associated with the agreement between the insured and insurer. In some cases, however, supplementary writings such as letters sent after the final agreement can make the insurance policy a non-integrated contract (Mowbray, 1961)

(ii). Underwriting and investing

Insurance underwriters evaluate the risk and exposures of potential clients. They decide how much coverage the client should receive, how much they should pay for it, or whether even to accept the risk and insure them. Underwriting involves measuring risk exposure and determining the premium that needs to be charged to insure that risk. The function of the underwriter is to protect the company's book of business from risks that they feel will make a loss and issue insurance policies at a premium that is commensurate with the exposure presented by a risk.

Each insurance company has its own set of underwriting guidelines to help the underwriter determine whether or not the company should accept the risk. The information used to evaluate the risk of an applicant for insurance will depend on the type of coverage involved. For example, in underwriting automobile coverage, an individual's driving record is critical. However, the type of automobile is actually far more critical. As part of the underwriting process for life or health insurance, medical underwriting may be used to examine the applicant's health status (other factors may be considered as well, such as age & occupation).

The factors that insurers use to classify risks are generally objective, clearly related to the likely cost of providing coverage, practical to administer, consistent with applicable law, and designed to protect the long-term viability of the insurance program. The underwriters may decline the risk or may provide a quotation in which the premiums have been loaded (including the amount needed to generate a profit, in addition to

covering expenses or in which various exclusions have been stipulated, which restrict the circumstances under which a claim would be paid. Depending on the type of insurance product (line of business), insurance companies use automated underwriting systems to encode these rules, and reduce the amount of manual work in processing quotations and policy issuance. This is especially the case for certain simpler life or personal lines (auto, homeowners) insurance. Some insurance companies, however, rely on agents to underwrite for them. This arrangement allows an insurer to operate in a market closer to its clients without having to establish a physical presence. The business model is to collect more in premium and investment income than is paid out in losses, and to also offer a competitive price which consumers will accept.

Profit can be reduced to a simple equation:

$$\text{Profit} = \text{earned premium} + \text{investment income} - \text{incurred loss} - \text{underwriting expenses}.$$

Insurers make money in two ways:

- Through underwriting, the process by which insurers select the risks to insure and decide how much in premiums to charge for accepting those risks
- By investing the premiums they collect from insured parties

Insurance companies earn investment profits on "float". Float, or available reserve, is the amount of money on hand at any given moment that an insurer has collected in insurance premiums but has not paid out in claims. Insurers start investing insurance premiums as soon as they are collected and continue to earn interest or other income on them until claims are paid out (Wertheimer, 2006)

(iii). Claims

Claims and loss handling is the materialized utility of insurance; it is the actual "product" paid for. Claims may be filed by insured directly with the insurer or through brokers or agents. The insurer may require that the claim be filed on its own proprietary forms, or may accept claims on a standard industry form, such as those produced by ACORD.

Insurance company claims departments employ a large number of claims adjusters supported by a staff of records management and data entry clerks. Incoming claims are classified based on severity and are assigned to adjusters whose settlement authority varies with their knowledge and experience. The adjuster undertakes an investigation of each claim, usually in close cooperation with the insured, determines if coverage is available under the terms of the insurance contract, and if so, the reasonable monetary value of the claim, and authorizes payment.

The policyholder may hire their own public adjuster to negotiate the settlement with the insurance company on their behalf. For policies that are complicated, where claims may be complex, the insured may take out a separate insurance policy add-on, called loss recovery insurance, which covers the cost of a public adjuster in the case of a claim.

Adjusting liability insurance claims is particularly difficult because there is a third party involved, the plaintiff, who is under no contractual obligation to cooperate with the insurer and may in fact regard the insurer as a deep pocket. The adjuster must obtain legal counsel for the insured (either inside "house" counsel or outside "panel" counsel), monitor litigation that may take years to complete, and appear in person or over the telephone with settlement authority at a mandatory settlement conference when requested by the judge.

If a claims adjuster suspects under-insurance, the condition of average may come into play to limit the insurance company's exposure.

In managing the claims handling function, insurers seek to balance the elements of customer satisfaction, administrative handling expenses, and claims overpayment leakages. As part of this balancing act, fraudulent insurance practices are a major business risk that must be managed and overcome. Disputes between insurers and insured over the validity of claims or claims handling practices occasionally escalate into litigation (Baker, 2011)

(iv). Claims adjuster or claims handle

Investigates insurance claims by interviewing the claimant and witnesses, consulting police and hospital records, and inspecting property damage to determine the extent of the company's liability. In the United Kingdom, Ireland, Australia, South Africa, the Caribbean and New Zealand the term loss adjuster is used. Other claims adjusters who represent policyholders may aid in the preparation of an insurance claim.

In the United States, a claims adjuster's duties typically extend to include the following elements:

- Verify an insurance policy exists for the insured person and/or property. In general, these are written by the policy-holding insurance company.
- Risk(s) of loss(es), or damages to property, culminating in the loss of property and or bodily injury.
- After completing the above investigations, evaluate the covered injuries and/or damages that have been determined according to the coverage grants.
- Negotiate a settlement according to the applicable law(s), and identify coverage for which the insured is covered, following best insurance practices. A Claims adjuster or Public Adjuster does not, and should not, engage in the practice of law. While adjusting the claim does mean applying the loss circumstances to the insured's policy, it does not account for if and when there becomes an issue of coverage, which is a matter and practice of Law, and should only be engaged by a properly licensed attorney.

In casualty insurance the main type of coverage include but may not be limited to the followings:

- First party auto and other than auto coverage (sometimes referred to collision and comprehensive coverage) there are numerous types of first party insurance coverage for any kind of risk of loss or damages.
- Third party liability for property damage of others property and bodily injury. (in law terms these are "tort" claims) (St.Paul, 2016)

(v). Marketing

Insurers will often use insurance agents to initially market or underwrite their customers. Agents can be captive, meaning they write only for one company, or independent, meaning that they can issue policies from several companies. The existence and success of companies using insurance agents is likely due to improved and personalized service. Companies also use Broking firms, Banks and other corporate entities (like Self Help Groups, Microfinance Institutions, NGOs etc.) to market their products (Hunt S. , 1976)

(vi). Broker vs. Agent

An insurance agent is an insurance company's representative by way of agent-principal legal custom. The agent's primary alliance is with the insurance carrier, not the insurance buyer. In contrast, an insurance broker represents the insured, generally has no contractual agreements with insurance carriers, and relies on common or direct methods of perfecting business transactions with insurance carriers. This can have a significant beneficial impact on insurance negotiations obtained through a broker (vs. those obtained from an agent) (Marsh & mclennan, 2015)

2.5 Financial Stability and Improvement in Insurance Sector

Financial systems are becoming more complex. Insurance is similar to banks and capital market as they serve the needs of business units and private household in financial intermediation. Whereas in the past, financial stability was mainly associated with banking sector conditions, nowadays the important roles played by other intermediaries such as insurance companies have to be taken fully into account. Insurance is a very key part in financial sector. In developed market, the insurance sector accounts for a significant portion of the economy. This article focuses on the relevance of the insurance sector for the overall stability of the financial system.

The insurance sector is also of considerable importance to the economy. It acts as a conduit for households and firms to transfer risks to entities that are better suited to handle them. In this way, projects are undertaken that might otherwise not be, and this contributes to economic growth. Insurance companies mobilize savings from households and firms and invest part of them in non-financial sectors of the economy.

In general, the average maturity of insurance companies' liabilities is longer than that of their assets, which makes them much less vulnerable to customer runs. In addition, insurers are not as strongly interconnected.

Insurance businesses are split mainly into Nonlife, Life and Re-insurance; Non-life insurance represents short term funds and Life represents long term funds while Re-insurance indemnifies other insurance company against loss. As so many insurers could serve as the means of long term financing, the sector is therefore important for sustained economic growth.

Business are sort of type and all of them has different risks. Properties, materials, warehouse, and labor .All of them have type of risks .So they need to insured for their risks and it is really significant positive effect on business stabilities. Before elaborating, it is useful to review the recent financial performance of the European insurance sector. Over recent years, the sector has faced many challenges. Some European insurers suffered losses for several years in succession. On the basis of a sample of large European insurers analyzed at the ECB, financial statements for 2003 show substantial signs of improvement.

Many of the challenges faced by the sector over recent years can be traced to the decline in equity markets that began in 2000 and the subsequent downward pressure on long-term interest rates. Before the stock market correction, several European insurers had increased their share portfolio, lured by the prospect of high returns in an environment of low interest rates. These increased exposures made them vulnerable to the subsequent stock market decline. Downward pressure on long-term interest rates worsened matters as the net present value of future liabilities rose. Several positive developments have emerged as the insurance sector has responded to the challenges.

Stock market exposures are gradually being reduced in favor of bonds, which is helping to reduce balance sheet mismatches. The more favorable trends in stock and corporate bond markets observed last year and early 2004 have eased balance sheet strains. Profitability has stopped deteriorating in many instances, and a number of

insurers have improved their solvency through new equity issuance. Market indicators, such as expected default frequencies and spreads on subordinated debt, also strongly suggest that the shock-absorbing capacity of the sector has improved. The outlook of the insurance sector, however, continues to depend to a large extent on development in financial markets (Trichet, 2005)

2.6 Impact of Insurance Services on Economic Growth

The research of the links of insurance and economic growth focused on the economy of insurance development. The role of the insurance sector and links into other financial sectors has grown in importance. The issue of insurance sector development impact on economic growth has only recently attracted researchers. Given the fact that the research is primarily focused on determining the impact of insurance on economic growth. The study of Husseis, Ward Zurbruegg (2000) investigates the relationship between economic development and the insurance market for the period 1961-1996, with the use of real GDP of nine OECD countries as a measure of economic activity and total premiums as insurance sector affect economic growth in two countries (Canada and Japan). The impact of insurance on economic growth depends on a number of circumstances specific to a particular country, such as cultural, regulatory and legal environment, development of financial intermediation and the impact of moral hazard in insurance.

Webb, Grace and Skipper (2002) examine whether banks, life and nonlife insurers individually and collectively contribute to economic growth. As a measure of the impact of insurance on economic development used by the authors is insurance penetration for both life and nonlife insurance is significantly positive correlated with economic growth. In addition, there is no link between economic development and nonlife insurance (Hadhek, 2014)

2.7 Reviews on Previous Studies

Aleksandra Stojakovic (2016) wrote in the subject of the Development of the insurance sector and economic growth in countries transitio. 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. The importance of the insurance sector can be observed in the results of the displayed types of insurance in the period from 2010 to 2014 by members of European Union, others are still in the access to the EU procedure.

Kjell Sümegi (2006) studied that *The Relationship of Insurance and Economic Growth*. The author found that the importance of the insurance-growth nexus is growing due to the increasing share of the insurance sector in the aggregate financial sector in almost every developing and developed country.

Anju Verma and Renu Bala (2013) studied *The Relationship between Life Insurance and Economic Growth: Evidence from India*". This study examines the relationship between the life insurance and economic growth in India. The total life insurance premium (TLIP), and total life insurance investment (TLII), are used as proxy for life insurance and Gross Domestic Product (GDP) is used for the economic growth.

Mirela Cristea, Nicu Marcu, Silviu Carstina (2014) found that the relationship between insurance and economic growth in Romania compared to the main results in Europe – a theoretical and empirical analysis. The insurance becomes a major component in certain economies, consequently the weight of insurance to the GDP of every country.

Tapen Sinh (2016) investigated the Indian insurance industry: challenges and prospects, India's rapid rate of economic growth over the past decade has been one of the more significant developments in the global economy. This growth has its roots in the introduction of economic liberalization in the early 1990s, which has allowed India to exploit its economic potential and raise the population's standard living.

Chapter 3

Overview of Myanma Insurance Enterprise

3.1 Historical Background of Myanma Insurance Enterprise

In Myanmar, the Insurance business started in 1826. After the first Anglo-Myanmar War, the Europeans started to do their businesses in Myanmar and foreign Insurance Companies began to operate in Myanmar in order to provide insurance covers for those businesses.

Between 1845 and 1897, there were 18 foreign insurance companies in Myanmar. Between 1897 and 1940, there were 110 insurance companies. Out of them, there were two domestic insurance companies in 1937. They were:

- Burma National Insurance Co., Ltd, established by Sir U Thwin, as a chairman.
- Burma (Government Chief Executive) Insurance Co., Ltd, established by Dr. U Satt as a chairman.

When the World War II broke out, the insurance operations had to stop. The second interim Government which authorized to rule on 4th June, 1942 prescribed for Burma War Risks (Life, Personal Accidents and properties) Insurance Rules on the 1st January, 1943. The Burma (Government Security) Insurance Company Ltd started to operate again in 1947.

In 1948, the national insurance companies such as People's Insurance Co., Ltd and the Burma Fire & General Insurance Company Ltd started to operate. In 1950, the Government involved in the insurance businesses sector by enacting the Union of Insurance Board Law.

After Burma National Insurance had been nationalized in accordance with the Insurance Company Nationalization Act, Union of Insurance Board was founded on the 1st March, 1952. Union of Insurance Board started to underwrite compulsory Government

Service Personal Life Insurance and Military Personal Life Insurance on the 1st March, 1953.

From the 1st July 1957, it directly underwrote the general insurance. On 1st January, 1959, Life Assurance (Prohibition) Act was enacted and other insurance companies except Government (U/B) were prohibited from underwriting life assurance. It is proclaimed that the only Union of Insurance Board had to underwrite General Insurance. Myanmar practiced market economy before 1964. At the time, there were over one hundred insurance companies, local and foreign in country. In 1964, the Socialist Government nationalized the private enterprises and the State-owned insurance company, Myanma Insurance has been the one and only insurance company in Myanmar.

In established People's Bank of the Union of Burma (PBUB) as the sole Bank after merging the banks in November 1969, the Union of Insurance Board was incorporated as an insurance department.

After enacting Insurance Business Law of 1975 (PyithuHluttaw LawNo.10) Myanma Insurance Corporation stood as a separate corporation on the 1st April, 1976, and underwrote insurance business widely. 'Myanma Insurance Corporation' was named as 'Myanma Insurance' on 1st April, 1989. 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). Other 'non-insurance' specific legislation includes provisions relating to insurance and the management of risk. Myanma Insurance is established under this Law as a legal entity having perpetual succession, capable of suing and being sued in its own name.

The Myanmar Insurance is established with the following aims:

- i. To overcome financial difficulties by effecting mutual agreement of insurance against social and economic losses which the people may encounter, due to common perils;
- ii. To promote the habit of savings individually by effecting life assurance, thus contributing to the accumulation of resources of the States;
- iii. To win the trust and confidence of the people in the insurance system by providing effective insurance safeguards which may become necessary in view of the social and economic developments.

3.2 Types of Myanmar Insurance

Myanmar Insurance, the state-owned insurance company, was founded in 1952 and started as a life insurer but later it underwrites both life and non-life insurance. Currently it underwrites the following portfolios:-

1. Government Services Personnel Life Insurance)
2. Army Personnel Life Insurance
3. Public Life Insurance
4. Group Life Insurance
5. Seaman Life Insurance
6. Life Insurance for Personnel with Shore Job
7. Sportsman Life Insurance
8. Snakebite Life Insurance
9. Health Insurance
10. Farmer Life Insurance
11. Fire & Allied Perils Insurance
12. Burglary Insurance

13. Fidelity Guarantee Insurance
14. Cash in Safe Insurance
15. Cash in Transit Insurance
16. Personal Accident & Disease Insurance
17. Workmen's Compensation Insurance
18. Liability Insurances
 - (a) Miners' Liability Insurance
 - (b) Third Party Liability Insurance/Public Liability Insurance/
Comprehensive General Liability Insurance
19. Contractor's & Machineries Insurance
 - (a) Contractor's All Risks Insurance
 - (b) Erection All Risks Insurance
 - (c) Electronic Equipment Insurance
 - (d) Machinery Insurance
20. Deposit Insurance
21. Marine Cargo Insurance
22. Marine Hull & Machinery Insurance
23. Aviation Hull Insurance
24. Aviation Liability Insurance
 - Crew Personal Accident Insurance
 - Aviation Hull Deductible Insurance
 - Aviation Hull War & Allied Perils Insurance
25. Travel Insurance

26. Ship Owner and Ship Operator's Liability Insurance

27. Tiger Fishing Barge Owner's Liability Insurance

28. Oil & Gas Insurance

29. Third Party Liability Insurance

30. Comprehensive Motor Insurance

3.3 Laws of Myanmar Insurance

In financial market, banking was the first liberalized and private banks have appeared on the horizon. Insurance market is to be followed suit and a law is required to achieve it. The Managing Director of Myanmar Insurance formed a drafting committee with the high ranking officials of Myanmar Insurance. The committee studied insurance business laws of other countries. It took nearly three years to finalize the draft and on 24th June 1996 the Government enacted it as the Insurance Business Law. Myanmar Insurance means the Myanmar Insurance established under this Law. Life Assurance means the undertaking of liability to pay a valid claim under a Life Assurance policy and general Insurance means the undertaking of liability to pay admissible claims under policies relating to all classes of insurance other than Life Assurance. Re-insurance means the cession by a primary insurer of the whole or part of liabilities undertaken by it to another insurer. Ministry means the Ministry of Finance and Revenue. Board of Directors means the Board of Directors of the Myanmar Insurance.

Myanmar Insurance has the right to dispose of buildings, property and vehicles taken over by it on payment of compensation for loss and damage, in accordance with the stipulation of the Ministry. Except for debts owed by the policy-holder to the State or to Myanmar Insurance, other debts and liabilities, payable or dischargeable to the policy-holder in these respects under this Law shall not be attached under any decree or order of any criminal or civil Court. Movable and immovable property belong to the Myanmar Insurance Corporation established under the Insurance Business Law, operations in the process of operation, operations which have been completed, assets and liabilities and also the office staff shall devolve on the Myanmar Insurance. Contracts, exchange of

notes and insurance policies entered into or executed under the Insurance Business Law in respect of the insurance business shall be deemed to be entered into or executed by the Myanmar Insurance. The Management Committee of the Myanmar Insurance Corporation established under the Insurance Business Law shall have the right to carry on the business until the day the duties and responsibilities are handed over to the Board of Directors formed under this Law. Rules, procedures, orders and directives issued under the Insurance Business Law may continue to be applicable in so far as they are not inconsistent with the provisions of this Law. For the purpose of carrying out the provisions of this Law; the Ministry may issue rules and procedures with the approval of the Government, the Ministry and Myanmar Insurance may issue orders and directives.

The power of Myanmar Insurance are as follows;

- i. Effecting other suitable investments in and outside the State with the approval of the Ministry.
- ii. Opening branches and appointing agents in and outside the State with the approval of the Ministry.
- iii. Reinsuring in and outside the State the whole or part of its liabilities under the insurance business undertaken by it.
- iv. Investing in securities, debentures, shares and savings certificates.
- v. Coordinating with other insurance companies in respect of the premium rates and policy terms and conditions.
- vi. Accepting foreign exchange received as premium from insurance effected.
- vii. Paying compensation in foreign exchange for losses as insurance is effected in foreign exchange.
- viii. Determining the premium rate, indemnity rate, compensation rate, additional premium rate for reason of perils, no claim bonus, ex-gratia payment, penalty, commission rate, life assurance loan and interest rate, life assurance surrender value and paid-up rate.
- ix. Actuarial valuation of the life assurance business from time to time, hiring actuary required for such valuation with the permission of the Ministry.

- x. In an actuarial valuation of the life assurance business, if it is found that profits have accrued, allocating such profits to the assured entitled.
- xi. Permitting other companies which have been granted the right to transact insurance business under the State-owned Economic Enterprises Law to transact any other class of insurance business or more than one class of insurance business with the exception of Third Party Liability Insurance and Reinsurance included in the insurance business which are to be transacted solely by it.
- xii. Utilizing foreign exchange in accordance with the existing laws, regulations and bye-laws for re-insurance premium, compensation to be paid, deposit, litigation costs, cost of stamps, lawyer's fees, survey fees and other expenses directly concerned with the business which are required to be settled in foreign exchange.
- xiii. Laying down measures required for the perpetual and up-to-date progress of insurance education.

3.4 Myanmar Insurance Reforms

The insurance sector in Myanmar looks back to a long and eventful history. While the insurance sector flourished in the pre-socialist era, lasting until 1963, insurance habits and awareness have almost disappeared over the last decades. By nationalizing a local insurance company, the Burma National Insurance Company, the state-owned Union Insurance Board was established in 1952. The nationalization process of the insurance sector began when, first, all life insurance businesses were state monopolized under the Union Insurance Board in 1959, and, second, the socialist government abolished all private insurance companies in 1964. From late 1969 to 1976, all insurance business activities were centralized under the Insurance Division of the People's Bank of the Union of Burma. Under the Union Bank Law (1975), banking functions were decentralized, and the insurance business was outsourced to the newly formed Myanmar Insurance (MI). The Myanmar Insurance Law (1993) empowers MI to engage in all insurance business activities (reinsurance business, determination of various insurance rates, etc.). The Insurance Business Law (1996) empowers the Insurance Business

Supervisory Board (IBSB), controlled by MoF, to scrutinize and decide on applications for business license of an insurer, underwriting agent or insurance broker, and to determine their capital and limits of investment.

In March 2018, the Government still intends to move forward with its Insurance Reforms. At the Myanmar Investment Forum 2017, the Government would publish a reform blueprint by the end of September 2017; however interruptions to sessions of Myanmar's parliament, a lack of a clear annual parliamentary calendar, and a legislative backlog have put a brake on the Government's reform schedule. The Insurance Reforms are intended to liberalize the domestic insurance market creating price and product competition among insurers, and ultimately benefiting the Myanmar public. Additionally contain measures aimed at ensuring the sustainability of local players by requiring international insurers to transfer technology and expertise to local issuers through local-foreign joint ventures. However, the Government's delay in introducing the proposed Insurance Reforms means foreign participation in Myanmar's insurance sector remains strictly limited. In the absence of liberalization, Myanmar's insurance sector remains critically under-developed and systemically weak displaying a lack of product sophistication, a shortage of insurance industry professionals with appropriate qualifications and experience, inadequate IT systems, a lack of reliable actuarial data, outmoded standards in respect to reserve requirements, limited public awareness of insurance products and services, as well as a more general lack of transparency in relation to the risk exposure of individual insurance companies.

3.5 Risk Assessment in Myanmar

Risk is defined as a combination of the probability of a natural or anthropogenic hazard and its negative consequences, such as death, damage to property loss of livelihood, disruption of economic activities, and damage to the natural environment. Risk assessment is a methodology to determine the nature and extent of risk by analyzing potential hazards and evaluating existing conditions of vulnerability that together

could potentially harm exposed people, property, services, livelihoods and the environment on which they depend.

As a sample, Cyclone Nargis in Myanmar 2008, the Republic of the Union of Myanmar overhauled its reactive approach to disaster management and started to focus its efforts on reducing vulnerabilities and risk. MAPDRR (The Myanmar Action Plan on Disaster Risk Reduction) was developed to help guide all stakeholders to contribute in making the country safer and more resilient against disasters. One of the priority projects under MAPDRR is the development of the “Hazard and Vulnerability Atlas of Myanmar.” requires the conduct of Hazard, Vulnerability and Atlas of Myanmar.”

The risk assessment process includes:

- a) Exploration of the spatial and temporal distributions of hazards in terms of intensity, location, and frequency;
- b) analysis of exposure and vulnerability of at-risk elements in relation to human, physical, social, economic and environmental dimensions; and
- c) Evaluation of the effectiveness of current and alternative coping capacities with respect to likely risk scenarios.

A comprehensive risk assessment not only estimates the magnitude and likelihood of probable losses, but also builds the risk knowledge towards understanding the hazards, underlying causes of vulnerability, and potential damage and losses as well as long-term impacts of a disaster. Moreover, risk assessment provides the basis for determining the acceptable levels of risk of the community and allows for the formulation of disaster risk reduction measures to reduce current risk to acceptable levels. When DRR interventions are implemented, periodic assessments of risk provide information to measure their effectiveness and help in subsequently improving DRR initiatives. Building up risk knowledge is therefore fundamental and an integral part of the decision-making process for disaster risk reduction and sustainable development.

Risk Assessment, on which the effective implementation of the other seven components will be based. This component, further underlines the importance of conducting vulnerability and risk assessment at various levels and generating the following risk assessment outputs:

1. Hazard and vulnerability atlas of Myanmar
2. Landslide hazard zonation map
3. Flood risk map
4. Drought prone area map
5. Cyclone and storm surge map
6. Seismic zonation map
7. Wider usage of fire hazard zonation map

Chapter 4

Myanma Insurance Services in Myanmar

4.1 Function of Myanmar Insurance Services

Insurance as a financial intermediary is a commercial enterprise and a major five part of the financial services industry, but individual entities can also self-insure through saving money for possible future losses. Insurance can have various effects on society through the way that it changes who bears the cost of losses and damage. Myanmar Insurance enterprise has 30 types of insurance services. Actually Myanmar insurance enterprise has included in 10 types of insurance services. They are as follows:

- (1). Life Insurance
- (2). Fire Insurance
- (3). Miscellaneous Insurance
- (4). Engineering Insurance
- (5). Deposit Insurance
- (6). Marine Cargo Insurance
- (7). Marine Hull & Machinery Insurance
- (8). Travel Insurance
- (9). Third Party Insurance
- (10). Comprehensive Motor Insurance

(1). Life Insurance

Life insurance has included government service personnel life assurance, military personnel life assurance, public life assurance, group life assurance, seamen life

assurance, shore job life assurance, snake bite life assurance, sportsman's life assurance and health insurance.

(i). Government Service Personnel Life Assurance

Government service Personnel Life Assurance shall effect compulsory life assurance under the Myanmar Insurance Law 1993. Its limit of age is from 18 to 55. Government servants under the age 50 shall effect compulsory life assurance. Government servants over the age of 55 are exempt from compulsory life assurance. The maximum sum insured is kyats 30 million. Premium is calculated based on the term of insurance policy and sum insured. If the proposer is between the age of 18 and 50 and/or the sum insured is under kyats 1,000,000/-, the proposer is exempt from having a medical check-up. If the sum insured is over kyats 1,000,000/- and/or the proposer is above the age of 50, the proposer is to make a medical check-up with a specialist. (Medical report in respect of X-rays, E.C.G, Ultra Sound, Diabetes, Hepatitis B, Hepatitis C is to be submitted.) Premium payable by the assured shall not exceed 15% of monthly salary under the Life Insurance Rules. The sum insured is kyats 10,000/-, the minimum premium will be kyats 18.40/- or the maximum premium will be kyats 173.92/- of monthly salary.

(ii). Military Personnel Life Assurance

The military Personnel shall effect compulsory life assurance under the Myanmar Insurance Law 1993. The officers and other ranks between the age of 18 and 55 shall affect compulsory life assurance. The maximum sum insured is kyats 30 million. If the sum insured is under kyats 1,000,000/-, the proposer is exempt from having a medical check-up. If the sum insured is over kyats 1,000,000/-, the proposer has to make medical check-up with a specialist. (Medical report in respect of X-rays, E.C.G, Ultra Sound, Diabetes, Hepatitis B, Hepatitis C is to be submitted.) The military life assurance policy can be purchased for 5, 10 or 15 years term. Insurance cover commence on the date of premium payment. If the sum insured is kyats 10,000, the minimum premium will be kyats 166.30/- or the maximum premium will be kyats 176.40/- of monthly salary for five-year-term life assurance policy subject for the proposer age.

(iii). Public Life Assurance

A citizen can purchase the Public Life Assurance voluntarily. Its limit of age is from 10 to 55. The minimum sum insured is kyats 50,000/- and the maximum sum insured, kyats 30million. Every proposer needs to make a medical check-up with a specialist. (Medical report in respect of X-rays, E.C.G, Ultra Sound, Diabetes, Hepatitis B, Hepatitis C is to be submitted.) Premium can be paid in quarterly or biannual or annual installment. Public life assurance policy can be purchased for 5, 10 or 15 years term. Insurance cover commences on the date of premium payment. If sum insured is kyats 50,000 for five-years-term policy subject to age of the proposer, the premium will vary from Ks.10237.50/- (minimum) to Ks. 10870.00/- (maximum).

(iv). Group Life Assurance

This insurance can be purchased by the employer or the employee voluntarily. Limited of age is from 18 to 60. There must be at least 5 members in a group. The insured (employees) must be apparently in good health including recommendation of employer. The minimum sum insured is kyats 10,000/- and the maximum sum insured, kyats 5 million. The policy term is one year. If the proposer is between the age of 18 and 45 and/or the sum insured up to kyats 1,000,000/-, the proposer is exempt from having a medical check-up. If the sum insured is over kyats 1,000,000/- and/or the proposer is above the age of 45, the proposer has to make medical check-up with a specialist. If the sum insured is kyats 10,000, the premium will be kyats 100 for one year-term. The insured can extend the next term before the expiry of the current term. 100% of the sum insured is to be paid for the permanent total disablement of the insured. A worker included in the insurance list cannot get the compensation for death and body injury that were occurred on the day and after he had dismissed or left from work. The worker cannot get compensation for injury getting from committing offences intentionally. If death or injury were occurred, the beneficiary could claim the compensation to Myanmar Insurance by sending accident information within one month.

(v). Seamen Life Assurance

Seamen life assurance has been underwritten since 1.7.2003. Seamen life assurance can be purchased by all seamen between the age of 18 and 60 who works on ocean-going ships. If the sum insured is kyats 5,000,000/-, the premium will be kyats 25,000/- for one year-term. Insurance cover commence on the date of premium payment. The passport number and copies of seafarer's identification and the record book (C.D.C) and the medical report is to be submitted. If the proposer is to be in good health in the case of above 60 years of age he can purchase this insurance by the additional premium kyats 5000/-. The insurance cover only death within the policy term. The proposer can mention the nominated beneficiary in the proposal. This insurance does not cover death arising from suicide, committing the offences, using the narcotic drug and deserting the ship. The corpse is not found due to various reasons in the case of the death of the insured; the benefit will be suspended for two year after the accident. The beneficiary must claim within one month if the insured died. If not Myanma Insurance will deduct 10% fine from the total claim amount.

(vi). Shore Job Life Assurance

Shore Job life assurance has been underwritten since 17.12.2004. Shore Job life assurance can be purchased by the workers between the age of 18 and 60 whom are dispatched by a company which is officially registered in Myanmar. Good healthy identify (or) the propose need to make a medical check-up by a doctor nominated by Myanma Insurance. The sum insured is kyats 5,000,000/- for one year - term, and the premium is kyats 25,000/- . Passport copy of the insured is to be submitted. Insurance cover commence on the date of leaving Myanmar. Insurance covers only for death. If the insured die within the period, the beneficiary will be obtain kyats 5,000,000 as benefit. This insurance does not cover death arising from suicide, committing offences, using the narcotic drug and working illegally in other companies or factories.

(vii). Snake Bite Life Assurance

Snake bite life assurance has been underwritten since 2004. No limit of age and gender. Adult proposer can purchase for infant proposer. The sum insured is kyats 500,000/- for one unit, the premium of one unit for one year is kyats 500/- . One can purchase up to 10 units, whose maximum sum insured is kyats 5,000,000/-. If the insured die by snake bite within the covered period, the beneficiary will be obtain kyats 500,000. The maximum benefit for medical treatment for the injury is 80,000 kyats. If the insured need to attend the hospital, kyats 1,000/- per day mostly maximum seven days of hospitalization and kyats 5,000 for transportation charges can be claimed. If the insured bitten by the snake got P.T.D, maximum benefit kyats 250,000/- will be paid by the recommendation of health department for total and irrecoverable loss of sight of both eyes, loss of limbs and permanent total disablement. If death or injury were occurred, the beneficiary could claim the compensation from Myanma Insurance within six months inceptor date of snake bite with the following documents; Recommendation of medical treatment by the rural health center, or the cottage hospital, or the township, or the department of health hospitalization treatment report document copy, death certificate document copy, recommendation of ward administration.

(viii). Sportsman's Life Assurance

Sportsman's life assurance has been underwritten since 2007. Sportsman's life assurance can be purchased at the school-age level of Myanmar selection and athletes between the age of 18 and 60 who are from quarter, village, township, district and divisional areas. Athletes can purchase the maximum sum insured of Ks.5,000,000. For the sum insured of kyats 1,000,000/- (one unit) for one year-term, the premium is kyats 5,000/- whatever (sports). If the insured lose their life during the competition and the training, the beneficiary can claim kyats 1,000,000/-. If the insured got injured, appropriate amount of benefit based on the medical report and in accordance with the terms of rate shall be paid. Myanma Insurance underwrites Insurance exemption from medical check-up. The proposer can mention the nominate beneficiary in the proposal. The caddie can also purchase this insurance together with the golfer. The selected country

representative athletes competing at the foreign country can get the cover for death and body injury. The athletes can get the maximum kyats 10,000/- per-week, up to fifty-two weeks entitled for hospitalization.

(ix). Health Insurance

The new version of Health Insurance has been underwritten since 2017. Health Insurance cover can be purchased by every person between the age of 6 and 65 who is in good health. Together with the Basic Health Insurance cover, one can also purchase Additional Health Insurance cover and Optional covers. One can purchase Additional and Optional covers only after the proposer has purchased one unit of Basic Health Insurance cover. The units of the Optional Health Insurance covers must not exceed the units of Basic Health Insurance cover purchased. After one unit of Basic Health Insurance cover has been purchased, one unit to eight units of the Additional Health Insurance cover and one unit to ten units of Optional Health Insurance covers could be freely purchased according to one's consent. The table of the rate of premium for Health Insurance is shown as the appendix. The policy term is one year. For one unit of Basic Health Insurance cover, the insured could request 20,000 kyats per day up to the maximum 60 days in the case of accidental hospitalization. 2,000,000 kyats could be claimed in the case of death by accident. 1,000,000 kyats could be claimed in the case of death by disease and in the case of total disability. For one unit of Additional Health Insurance cover, the insured can claim 10,000 kyats per day up to maximum 60 days of hospitalization expenses. And kyats 1,000,000 could also be claimed for the accidental death, death by disease and total disability. For one unit of the first Optional Health Insurance cover, the insured could claim the actual expense of surgical case and/or minimum of 500,000 kyats. In the case of losing pregnancy, the insured could claim 300,000 kyats, and maximum of 500,000 kyats where surgical case is needed. For one unit of the second Optional Health Insurance cover, kyats 1,000,000 could be claimed in the case of tumor which can lead to cancer, paralysis and heart failure. The insured must inform the insurer for the proposer hospitalization and the proposer could claim the benefit during ten days of post-hospitalization period. Health Insurance could be underwritten through insurance agents. 10% of the premium is the commission for the

agents. The insured must submit the requirements for the benefit requested by the insurer in three months. If not, the insured would lose benefit.

(2). Fire Insurance

Fire insurance covers the properties as buildings, machinery, furniture, stocks and equipments owned by the state, cooperatives, joint-ventured companies or the public against the loss or damage due to the fire and allied perils. Any person who has the legally recognized relationship to the property can insure his or hers. The properties which are difficult to value are not allowed to be insured. The insurance period ranges from 10 days to one year. Buildings are categorized into four classes .The premium is calculated in accordance with the tariff based on the classes of the insured building and its surrounding buildings located within 25 feet to 50 feet. The following additional covers can be purchased together with the fire cover.

- i. Riot, Strike and Malicious Damage
- ii. Earthquake Fire and Earthquake Shock
- iii. Explosion
- iv. Spontaneous Combustions
- v. Storm, Typhoon, Hurricane, Tempest, Cyclone
- vi. Flood and Inundation
- vii. Air Craft Damage Impact Damage Subsidence and Landslide
- viii. Burglary
- ix. War Risk

(3). Miscellaneous Insurance

The Miscellaneous insurances have the following:

- i. Fidelity Insurance
- ii. Cash-in-Safe Insurance
- iii. Cash-in-Transit Insurance
- iv. Burglary Insurance

(i). Fidelity Insurance

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

(ii). Cash-in-Safe Insurance

Cash-in-Safe Insurance indemnifies the insured against the burglary of money kept in the premise by the public, cooperative and private enterprises. The insurance period varies from one day to one year. The premium rate for government and private banks ranges from 0.2% to 0.5% and from 0.5 % to 1% for cooperative and private entities.

(iii). Cash-in-transit Insurance

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

(iv). Burglary Insurance

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

(4). Engineering Insurance

The engineering insurance have the following;

(i). Contractor's all risk Insurance

(ii). Erection all risk Insurance

(iii). Machinery Insurance

(i). Contractor's All Risk Insurance

It gives coverage for both damage of property and third party liability insurance from the time of collecting construction material to the construction site to the time of handover after the contract works. The design fault is not allowed to claim. The sum insured is contract value. The value of machines and equipments at the site can also be added to sum insured. The period of insurance is minimum three months and maximum five years. The premium rate ranges from 0.15% to 0.518%.

(ii). Erection All Risk Insurance

The EAR covers starts form the time of the arrival of construction materials to the site to the time of testing and commissioning after the installation and erection. The design fault is not allowed to claim. The testing period is allowed to 2 weeks. The period of insurance is minimum three months and maximum five years. The premium rate ranges from 0.15% to 0.518%.

(iii). Machinery Insurance

Machinery and equipment's break down, non standardization, design fault, damages due to the unskillful workers, malicious damage, and electrical breakdown, natural disasters are covered. The premium rate ranges from 0.3 % to 0.4%.

(5). Deposit Insurance

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

(6). Marine Cargo Insurance

Marine cargo insurance covers not only goods carried by ship, but also by road, rail, air and frequently post. Voyage policy is also underwritten. Total loss only and All Risks are conducted by the maximum insured value up to 1000 million kyats.

(7). Marine Hull & Machinery Insurance

Marine Hull, and Machinery and Electronics on vessel, can be insured, moreover, Pontoon and Wharf are also. For them, two types of covers - Total Loss Only and All Risks are underwritten. Total Loss only is underwritten for private vessels and duration of cover is from one month to one year in addition to a voyage.

(8). Travel Insurance

The Travel Insurance is in the event of the accident caused by any vehicle/ vessel/ aircraft on the route against of the death or bodily injury to insured person as per policy conditions. Kinds of Travel Insurance are:

- i. Highway Special Travel Insurance
- ii. Air Travel Insurance
- iii. Tour Operator Travel Insurance
- iv. Pilgrimage Travel Insurance
- v. Tourist Travel Insurance

(9). Third Party Liability Insurance

Third Party Liability Insurance was provided by law and implemented on July 1, 1976. It is an insurance system that the liability for death or bodily injury or property damage caused to any other person in the event of an accident occasioned by arising out of the use of the vehicle is transferred to Myanma Insurance on behalf of the vehicle of the owner.

The premium rating and the compensation amount are updated on August 1, 2016. The update premium rating may be different depending on the loaded passengers and the weight of vehicle (Tons). The premium is Kyats 5000.00 for minimum and Kyats 10000.00 for maximum for private vehicle. The premium is Kyats 10000.00 for minimum and Kyats 15000.00 for maximum for commercial vehicle. The update maximum compensation amount is as follows:

-For death caused to any other person Kyats 1,000,000.00

-For bodily injury caused to any other person Kyats 800,000.00

-For property damage caused to any other person Kyats 500,000.00

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

(10). Comprehensive Motor Insurance

Comprehensive motor insurance is a voluntary insurance. The insurance term is one year in maximum and the period can choose three month, six month or nine month either. The benefits getting from insurance;

-For insured vehicle,

- By accidental collision or overturning
- By impact damage caused by falling objects
- By fire, external explosion
- By malicious act
- Whilst in transit by road, rail, inland waterway
- Strike, Riot and Civil Commotion

-For the vehicle and property of Third Party

- The maximum compensation amount for death or bodily injury caused to any other person in the event of an accident occasioned by arising out of the use of the insured vehicle is Kyats One Million (Ks. 1,000,000.00)
- (The maximum compensation amount for any one occurrence is Kyats 50 Million (Ks. 50,000,000.00)

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

4.2 Analysis on Budget condition of Myanmar Insurance Enterprise

4.2.1 Income of Myanmar Insurance Enterprise

Myanmain insurance enterprise income has included in 10 types of insurance services; (Life Insurance, Fire Insurance, Miscellaneous Insurance, Engineering Insurance, Deposit Insurance, Marine Cargo Insurance, Marine Hull & Machinery Insurance, Travel Insurance, Third Party Insurance, Comprehensive Motor Insurance) .Premium incomes, reinsurance premium incomes, loan interests and other incomes have been accepted income from insurance enterprise. They are as described as table 4.1 and figure 4.1 as follow;.

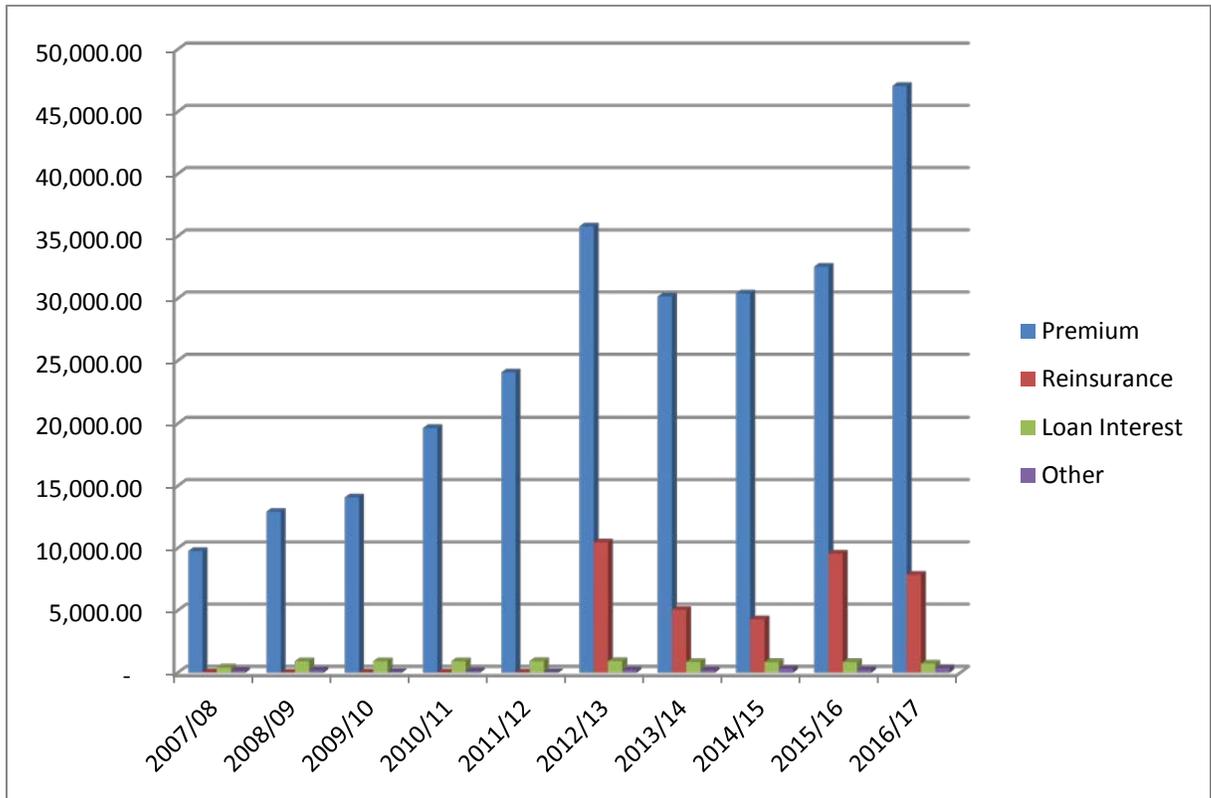
Table 4.1: Income of Myanmar Insurance Enterprise from (2007/08-2016/17)

(Kyats in millions)

Fiscal Year	Premium	Reinsurance	Loan Interest	Other	Total
2007/08	9,764.39	33.24	421.64	164.84	10,384.11
2008/09	12,929.76	11.59	913.38	190.04	14,044.77
2009/10	14,071.64	15.67	912.47	77.55	15,077.33
2010/11	19,641.02	21.57	915.33	127.30	20,705.22
2011/12	24,100.25	25.29	925.52	63.13	25,114.19
2012/13	35,781.40	10,457.31	925.08	203.35	47,367.14
2013/14	30,156.61	5,055.11	858.74	183.08	36,253.54
2014/15	30,395.78	4,292.42	855.35	328.58	35,872.13
2015/16	32,551.15	9,560.82	848.12	211.77	43,171.86
2016/17	47,058.87	7,868.24	723.76	364.06	56,014.93

Sources: Myanmar Insurance annual reports books

Figure 4.1: Insurance Premium Income of Myanmar Insurance Enterprise from (2007/08-2016/17)



Sources: Myanmar Insurance annual reports books.

In table (4.1) & Figure (4.1) shown that the premium income is higher than the other. The premium income has increased 9,764.39 (mn) to 47,058.87 (mn) from year 2007/08 to 2016/17. The reinsurance also has increased in up to 10,457.31 (mn) years 2012/13. In this period, the loan interest has increased, but 2016/17 has a little bit decreased. The other incomes has increased in 164.84 (mn) to 364.06 (mn) from year 2007/08 to 2016/17. In this period, the total income has increased in 10,384.11 (mn) to 56,014.93 (mn).

The above result of Myanmar insurance income increasing has shown that the public sector's knowledge of insurance has been improved and trusted. Otherwise, it's base upon the economic reform. The market economy is allowed and private business

sectors are also blooming and private sector insurance companies also activate. The table shows that premium and reinsurance incomes are improved.

4.2.2 Expenditure of Myanmar Insurance Enterprises

It was learnt in four types of expenditure. The claim, reinsurance and commission payments expenditures are direct expenditure and including 10 types of Myanmar insurance services. The last column other expenditure is included trade taxes, admin expenses, pension payments, labor & material expenses, maintenance expenses, travel expenditures, other overhead expenditures, less value expenditure and general expenditures. It was found that the claim payments, reinsurance and commission payments are more than other expenditures. Because of the direct payments means major services and it is the main subject of insurance services. All of the insured were providing protected of actual losses and support to business stabilities and individual future safety. The table (4.2) & figure (4.2) has been shown the expenditure of Myanmar insurance enterprise from year (2007/08-2016/17).

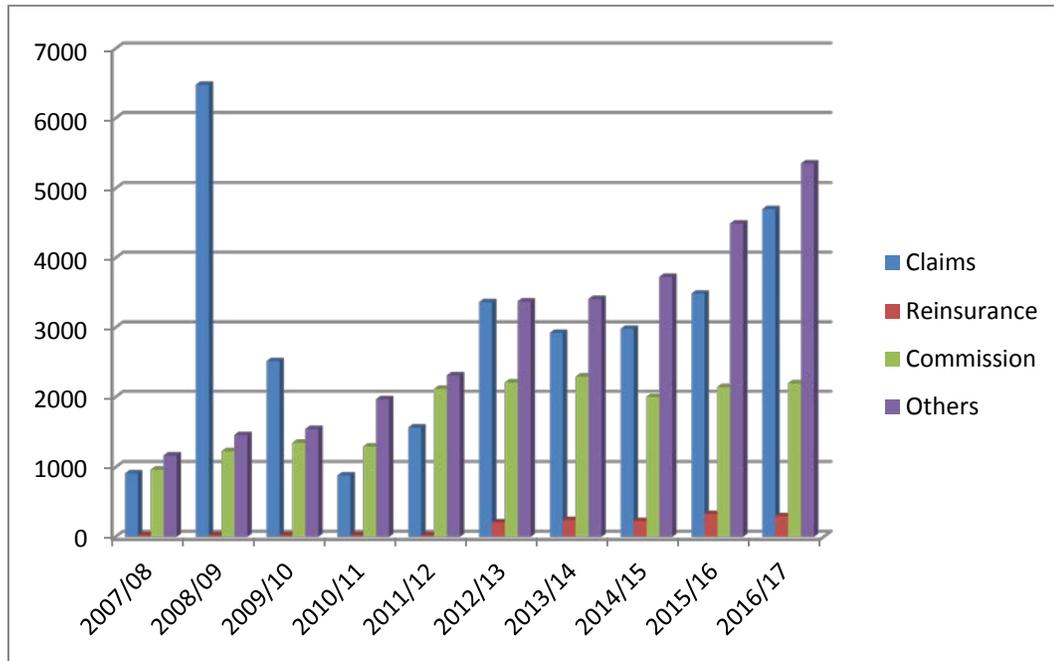
Table 4.2: Expenditure of Myanmar Insurance Enterprise from (2007/08- 2016/17)

(Kyats in Millions)

Fiscal Year	Claims	Reinsurance	Commission	Others	Total
2007/08	911.24	23.86	965.22	1,170.50	3,070.82
2008/09	6,482.20	23.15	1,229.45	1,464.62	9,199.42
2009/10	2,517.46	24.50	1,351.17	1,549.72	5,442.86
2010/11	881.89	24.87	1,298.35	1,969.02	4,174.13
2011/12	1,571.60	22.09	2,116.73	2,312.41	6,022.83
2012/13	3,364.67	206.75	2,210.25	3,376.82	9,158.49
2013/14	2,922.98	242.60	2,293.22	3,411.58	8,870.38
2014/15	2,981.61	229.30	2,003.34	3,729.06	8,943.31
2015/16	3,487.46	328.75	2,143.61	4,494.92	10,454.74
2016/17	4,701.68	296.60	2,197.81	5,350.24	12,546.33

Sources: Myanmar Insurance annual reports books

Figure 4.2: Expenditure payment of Myanmar InsuranceEnterprise from (2007/08-2016/17)



Sources: Myanmar Insurance annual reports books

The table shown that claim payments are higher than other payments .Claim payments means refund to insured , is the main subject of insurance services . In theyear 2008/09, claim payment has most increased and paid to insured 6,482.20 (mn). It's mention that the insured are more recovery of their lost and providing and protected of their business as well as individual future safety. In the year 2010/11, claims payment is the less than other years. The reinsurance payments are the same of claim payments. Reinsurance payment has increased in 23.86 (mn) to 296.60 (mn) from 2007/08 to 2016/17. Commission payments and other payments are increased in 965.22 (mn) to 2197.81 (mn) from 2007/08 to 2016/17 .Commission payments are increased in year 2016/17 up to 2197.81 (mn) and other expenditures are increased in year 2016/17 up to 5350.14 (mn).

4.3 Contribution of Myanmar Insurance Enterprises to GDP

Insurance enterprise had increased in Myanmar. So, the insurance services contribute to economic growth. The following table included the ratio of percentages of Myanmar Insurance Income in GDP.

Table (4.3) The Ratio of Percentage of Myanmar Insurance Premium Income to GDP

(Kyats in Millions)

Year	Premium Income	Real GDP	Percentage of Premium Income in GDP
2008	10384.11	17155078.1	0.06
2009	14044.77	18964940.4	0.07
2010	15077.33	39776764.9	0.03
2011	20705.22	42000875.7	0.04
2012	25114.19	45080661.5	0.05
2013	47367.14	48879158.5	0.09
2014	36253.54	52785050.8	0.06
2015	35872.13	56476225.1	0.06
2016	43171.86	59792544	0.07

Sources: Myanmar Insurance annual reports books and Worldbank Data

The table 4.3 has shown that real Gross Domestic Product is normally increased in year by year. But Myanmar insurance income increasing is not yet stabilities and it is included in GDP percentages are year 2007/08 has 0.06% to 2016/17 has 0.07%. It's not really match with compare the GDP and insurance income.

4.4 Premium Income of each Myanmar Insurance Enterprise

Myanmar Insurance has had 30 different type insurance. Actually, Myanmar Insurance enterprises can do by 10 types (Four Groups) of Insurance services. Following table data collected from Myanmar Insurance annual report books. The total premium income have included in life insurance income, Fire & Allied Perils insurance incomes, Marine, Aviation & Travel Insurance incomes and Third Party Liability Insurance incomes which are increased in more sort of type .

All type of insurance premium income is increased in Kyats 9,764.39 (mn) to Kyats 47,058.87(mn) from year 2007/08 to year 2016/17. The four group of insurance income are: Life insurance premium income has increased in Kyats 967.06 (mn) to Kyats 3,108.35 from year 2007/08 to year 2016/17, Fire & Allied Perils insurance premium income has increased in Kyats 6,670.33 (mn) to Kyats 21,130.80 from year 2007/08 to year 2016/17, Marine, Aviation & Travel insurance premium income has increased in Kyats 13,14.76 (mn) to Kyats 3,046.37 from year 2007/08 to year 2016/17 and Third Party Liability insurance premium income has increased in Kyats 812.25 (mn) to Kyats 19,863.36 from year 2007/08 to year 2016/17.

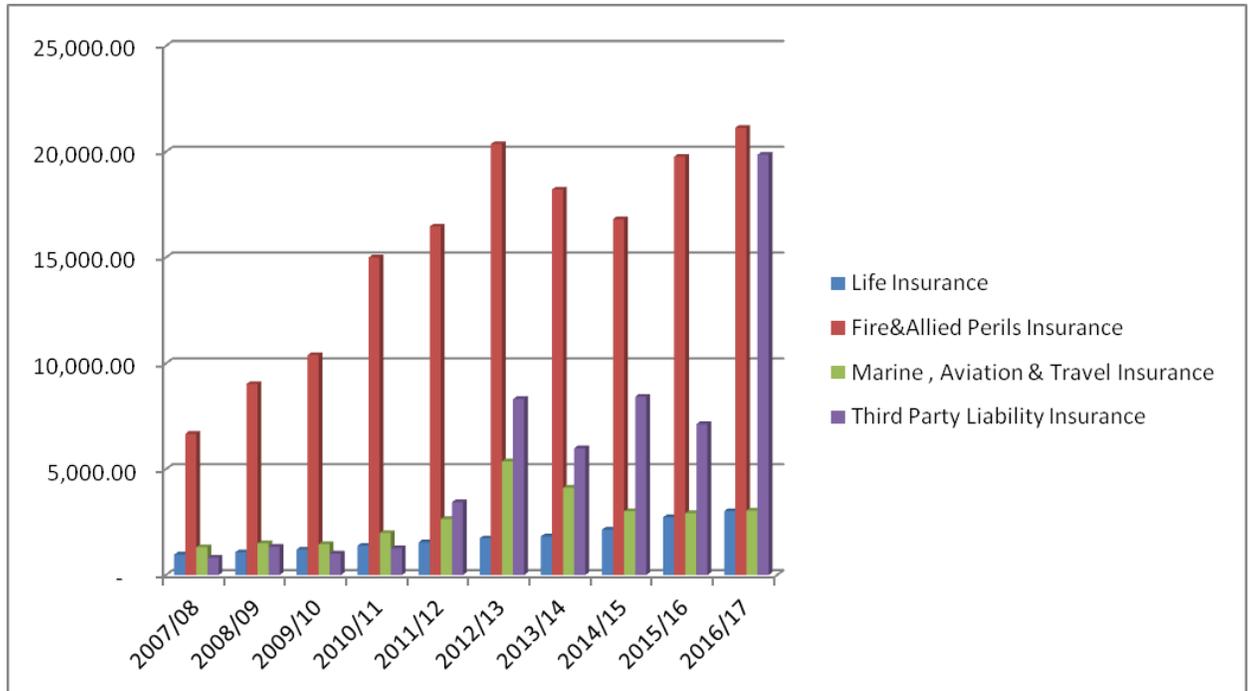
Table 4.4. Premium insurance income of each Myanmar Insurance Enterprises from (2007/08-2016/17)

(Kyats in millions)

Fiscal Year	Life Insurance		Fire & Allied Perils Insurance		Marine, Aviation & Travel Insurance		Third Party Liability Insurance		Total
	Premium	%	Premium	%	Premium	%	Premium	%	
2007/08	967.06	9.90	6,670.33	68.31	1,314.76	13.46	812.25	8.32	9,764.39
2008/09	1,074.71	8.31	9,024.65	69.80	1,500.87	11.61	1,329.53	10.28	12,929.76
2009/10	1,200.77	8.53	10,392.44	73.85	1,462.65	10.39	1,015.78	7.22	14,071.64
2010/11	1,383.63	7.04	15,012.76	76.44	1,983.63	10.10	1,261.00	6.42	19,641.02
2011/12	1,545.39	6.41	16,469.10	68.34	2,644.57	10.97	3,441.20	14.28	24,100.26
2012/13	1,731.63	4.84	20,365.93	56.92	5,367.94	15.00	8,315.91	23.24	35,781.41
2013/14	1,824.60	6.05	18,215.44	60.40	4,131.07	13.70	5,985.50	19.85	30,156.62
2014/15	2,142.54	7.05	16,813.09	55.31	3,016.42	9.92	8,423.73	27.71	30,395.79
2015/16	2,730.91	8.39	19,766.07	60.72	2,921.80	8.98	7,132.37	21.91	32,551.15
2016/17	3,018.35	6.41	21,130.80	44.90	3,046.37	6.47	19,863.36	42.21	47,058.87

Sources: Myanmar Insurance annual reports books

Figure 4.3 PremiunInsurance Income of each myanma insurance enterprise from year 2007/08 to 2016/2017



Sources: Myanmar Insurance annual reports books

The table 4.4 & Figure 4.3 have shown that the life insurance premium incomes are stability increased and it means the individual family future loss safety. Fire & Allied Perlis insurance incomes are mostly increased and it means stabilities of the business sectors. Marine, Aviation & Travel Insurance incomes are not too much different and normally increase. The third party Liability insurance incomes are increased by after 2011/12 which is depends on economic changes. This is acknowledgement that the public sectors has more knowledge of insurance services and business sectors also more trusted and understanding of protect and providing of insurances services.

4.5 Expenditure of each Myanmar Insurance Enterprises on Claims

Myanmar Insurance Enterprise annual reports, it can be seen that the claim repayment are increasing by yearly. Especially Fire & Allied Perils Insurance and Third Party

Liabilities claim repayment are more increased than others. Because of economic system changes and open market is enthruses of business sectors .There are base upon the economic forms. Business sectors are relying on their risk to insurance companies. It was formed (4) group as follow:-

- 1) Life insurance
- 2) Fire & Allied Perils Insurance
- 3) Marine, Aviation & Travel Insurance
- 4) Third Party liability

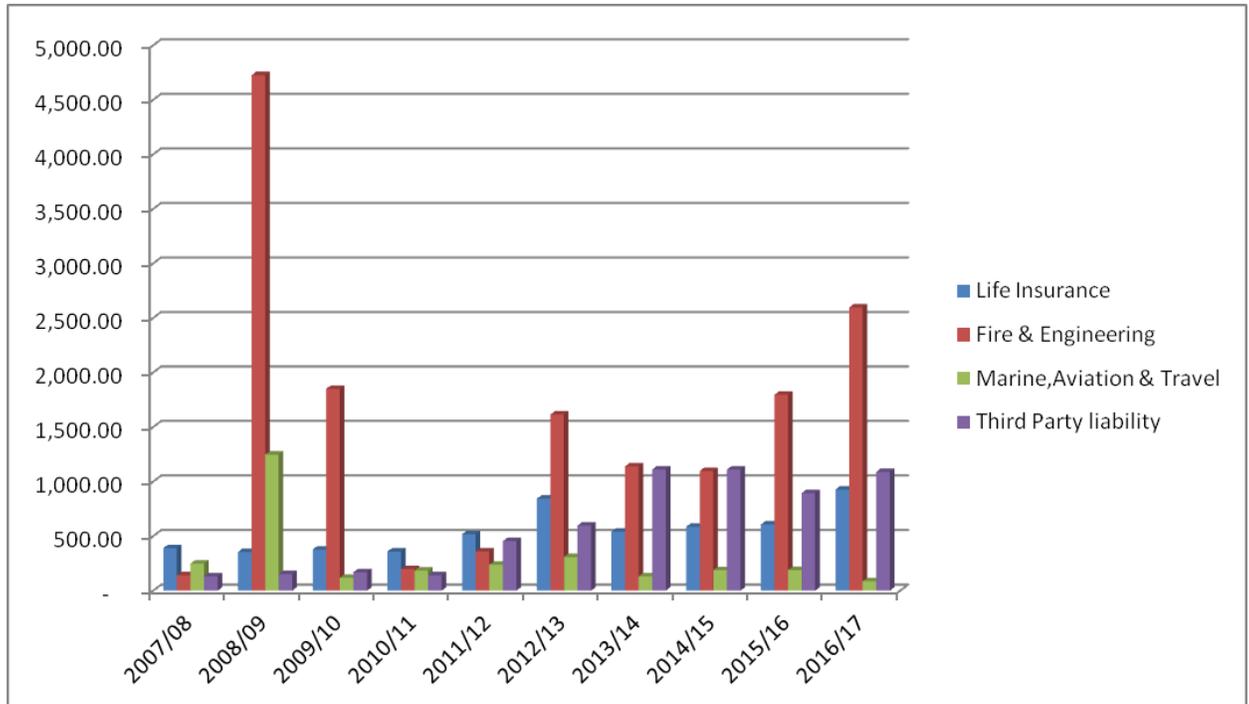
Table 4.5 Insurance expenditure of each Myanmar Insurance Enterprises from (2007/08-2016/17)

(Kyat in Millions)

Fiscal Year	Life Insurance		Fire & Allied Perils Insurance		Marine, Aviation & Travel		Third Party liability		Total
	Claim	%	Claim	%	Claim	%	Claim	%	Claim
2007/08	389.87	42.78	140.84	15.46	247.85	27.20	132.69	14.56	911.24
2008/09	355.81	5.49	4,727.03	72.92	1,247.36	19.24	152.01	2.34	6,482.20
2009/10	377.31	14.99	1,851.23	73.54	119.05	4.73	169.88	6.75	2,517.46
2010/11	358.89	40.70	196.96	22.33	184.12	20.88	141.92	16.09	881.89
2011/12	518.10	32.97	361.20	22.98	237.49	15.11	454.82	28.94	1,571.60
2012/13	843.72	25.08	1,614.94	48.00	308.39	9.17	597.61	17.76	3,364.67
2013/14	540.80	18.50	1,140.21	39.01	130.63	4.47	1,111.34	38.02	2,922.98
2014/15	586.17	19.66	1,096.87	36.79	188.46	6.32	1,110.12	37.23	2,981.61
2015/16	606.80	17.40	1,796.87	51.52	188.69	5.41	895.10	25.67	3,487.46
2016/17	927.99	19.74	2,596.43	55.22	86.98	1.85	1,090.27	23.19	4,701.68

Sources: Myanmar Insurance annual reports books

Figure 4.4 Insurance expenditure of each Myanmar Insurance Enterprise from(2007/08to 2016/17)



Sources: Myanmar Insurance annual reports books

Figures (4.4) shown that the entire insurances groups, they are more effective by year by year. In year 2008, the storm named Nagis has heavily attacked and destroyed to lower Myanmar coastal area as many business as well as individual loss. In 2008/09, the Myanmar insurance enterprise has repayment to mostly. It has shown that businesses are effective and had received by insurance coverage. Business sector has being more benefit by insurance coverage than previous years.

4.6 Analysis on Insurance Services of each Myanmar Insurance Enterprise

4.6.1 Analysis on Life Insurance

The life insurance services provide individuals and families (beneficiaries) with financial protection against the possibility of loss of income due to death of an insured individual. They also provide payments for annuities. An annuity, in its simplest form, is a

contract between an individual and a life insurance company specifying a future stream or series of payments that will be made in exchange for a payment made to that insurance company today. The annuity arrangement allows the purchaser of the annuity to transfer to the insurer the risk associated with outliving one's assets.

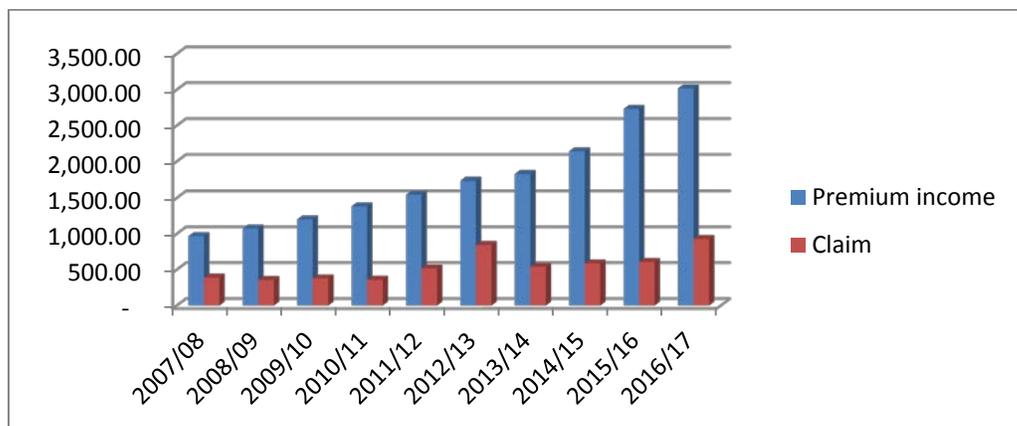
Table 4.6: Life insurance from Myanmar Insurance Enterprise from (2007/08 to 2016/17)

(Kyats in millions)

Fiscal Year	Life insurance		
	Premium income	Claim	%
2007/08	967.06	389.87	40.31
2008/09	1,074.71	355.81	33.10
2009/10	1,200.77	377.31	31.42
2010/11	1,383.63	358.89	25.93
2011/12	1,545.39	518.10	33.52
2012/13	1,731.63	843.72	48.72
2013/14	1,824.60	540.80	29.63
2014/15	2,142.54	586.17	27.35
2015/16	2,730.91	606.80	22.21
2016/17	3,018.35	927.99	30.74

Sources: Myanmar Insurance annual reports books.

Figure (4.5): Life Insurance Premium, claim (2007/08 to 2016/17)



Sources: Myanmar Insurance annual reports books.

The table (4.6) & Figure (4.5) has shown that compare of the life insurance premium incomes and claim repayment for insured year 2007/08 to 2016/17. Life insurance premium income is normally increased and that is shown in Year 2007/08 premium income Kyats 967.05(mn) to Year 2016/17 premium income Kyats 3,108.35 (mn). The table shows that claim percentage are minimum 22.21% (Year 2015/16) and maximum 40.31% (Year 2007/08). After the changing market economic system, insurance sector's laws also changes and public sector individual are more trusted and rely on insurance service. The focus of the claim percentage, the life insured is more and more increase and not only insured safety future loss but also insurance companies are benefit.

4.6.2 Analysis on Fire & Allied Perils Insurance premium and claim payments

In these insurance services provides protection against most risks to property, such as fire, theft and some weather damage. This includes specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, home insurance, or boiler insurance.

Perils require the actual cause of loss to be listed in the policy for insurance to be provided. The more common named perils include such damage-causing events as fire, lightning, explosion, and theft. There are three types of insurance coverage. Replacement cost coverage pays the cost of repairing or replacing property with like kind & quality regardless of depreciation or appreciation. Premiums for this type of coverage are based on replacement cost values, and not based on actual cash value. Actual cash value coverage provides for replacement cost minus depreciation. With, the data set of Myanma Insurance Finance Reports, and these are mention all of premium receipt and claim repayments of the Fire & Allied Perils Insurance.

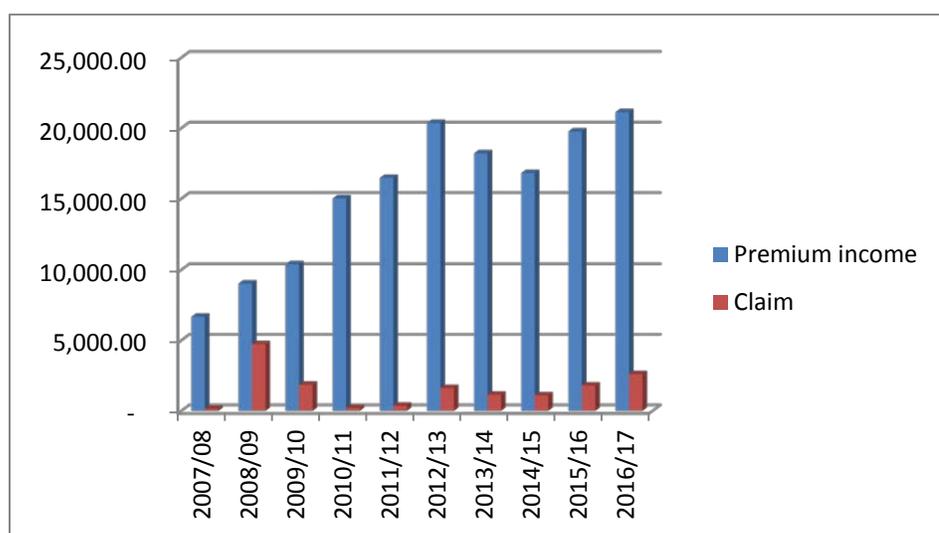
Table 4.7: Fire & Allied Perils insurance from Myanmar Insurance Enterprise from (2007/08-2016/17)

(Kyats in millions)

Fiscal Year	Fire & Allied Perils Insurance premium Total		
	Premium income	Claim	%
2007/08	6,670.33	140.84	2.11
2008/09	9,024.65	4,727.03	52.37
2009/10	10,392.44	1,851.23	17.81
2010/11	15,012.76	196.96	1.31
2011/12	16,469.10	361.20	2.19
2012/13	20,365.93	1,614.94	7.92
2013/14	18,215.44	1,140.21	6.25
2014/15	16,813.09	1,096.87	6.52
2015/16	19,766.07	1,796.87	9.09
2016/17	21,130.80	2,596.43	12.28

Sources: Myanmar Insurance Annual Report Books.

Figure 4.6: Fire & Allied Perils Premium, Claim (2007/08) to (2016/17)



Sources: Myanma Insurance annual reports books.

The table (4.7) & Figure (4.6) has shown that compares of the Fire & Allied Perils Insurance premium incomes and claim repayment for insured year 2007/08 to 2016/17. The Fire & Allied Perils Insurance premium incomes are increased. After the changing market economic system, premium incomes are more than higher previous year. In year 2007/08, premium income is kyats 6,670.33 (mn) to increasing year 2016/17 kyats 21130.80(mn). The claim repayment is also increased. In year 2007/08, claim repayment is kyats 140.84 (mn) and year 2016/17 has increased to kyats 2596.43 (mn).

Premium and claim percentage are minimum year 2007/08 has 2.11% and year 2008/09 has maximum 53.38%. After the 2008/09 the claim percentages are minimum 1.31 % and maximum 17.81% only. It is shown that the insurance companies can do business risk management properly. The cause of increased in year 2008/09 claim percentages 53.38% is in 2008 the big storm called Nagis attacked in lower Myanmar and extremely business damages and individual losses happening in coastal area. That's why recovery claim repayment is suddenly increased. It can see focus that insurance sectors are providing protected the business sectors and to be stabilities of the business sector.

4.6.3 Analysis on Marine, Aviation & Travel Insurance premium and claim payments

Marine insurance is essential to protect your cargo in transit in the event of unexpected and unforeseeable risks and situations, which may lead to the loss or damage of it while in transit via air, sea or land transport. Aviation insurance is insurance coverage geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to aviation insurance.

Travel insurance is insurance that is intended to cover medical expenses, trip cancellation, lost luggage, flight accident and other losses incurred while traveling. Travel insurance can usually be arranged at the time of the booking of a trip to cover

exactly the duration of that trip, or a "multi-trip" policy can cover an unlimited number of trips within a set time frame. In Myanmar, after the 2013/14, the changing market economic system, incoming and outgoing traveler are jumping blooming .So, premium are higher than previous and it was boosted by government the travel and tour program.

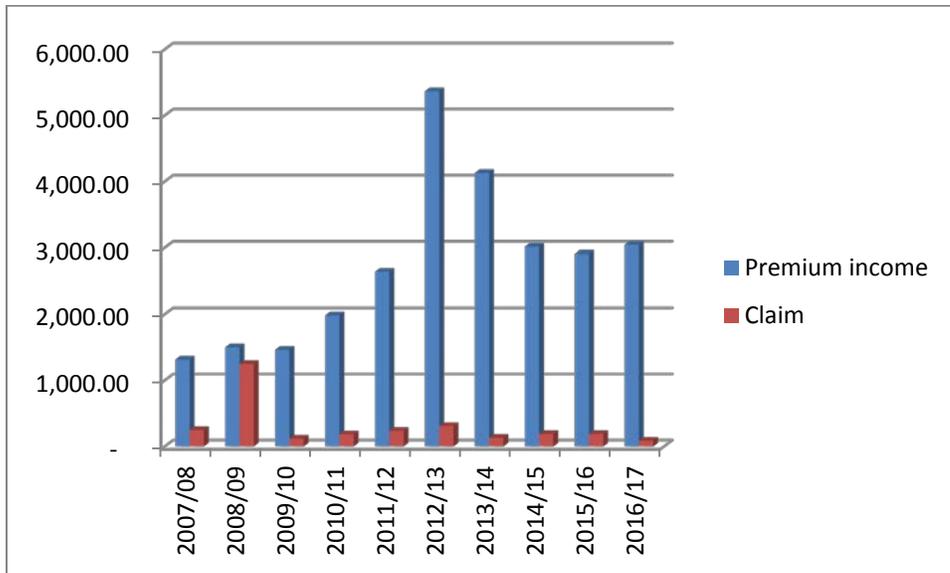
Table 4.8: Marine, Aviation & Travel insurance from Myanma Insurance Enterprise from (2007/08-2016/17)

(Kyats in millions)

Fiscal Year	Marine, Aviation & Travel		
	Premium income	Claim	%
2007/08	1,314.76	247.85	18.85
2008/09	1,500.87	1,247.36	83.10
2009/10	1,462.65	119.05	8.13
2010/11	1,983.63	184.12	9.28
2011/12	2,644.57	237.49	8.98
2012/13	5,367.94	308.39	5.74
2013/14	4,131.07	130.63	3.16
2014/15	3,016.42	188.46	6.24
2015/16	2,921.80	188.69	6.45
2016/17	3,046.37	86.98	2.85

Sources: Myanma Insurance annual reports books.

Figure4.7: Marine, Aviation & Travel Premium, Claim (2007/08)to (2016/17)



Sources: Myanmar Insurance annual reports books.

The analysis of third group insurances, Marine, Aviation & Travel: the table data showed that in 10 years, except 2009/10. In year 2008 the big storm called Nagis attacked in lower Myanmar and extremely business damages and individual losses happening in coastal area. That's a reason of recovery claim repayment is suddenly increased. Insurance sectors are providing protected the business sectors and to be stabilities of the business sector.

The table shown year 2009/10 to 2016/17 that the percentage of premium and claim repayments are minimum 2.86% and maximum 9.28% of year 2010/11. It is shown that the insurance companies can do business risk management properly. Insurance services are providing protected the business sectors and to be stabilities of the business sector as well as individual families future loss safety.

4.6.4 Analysis on Third Party Liabilities and Comprehensive Motor Insurance premium and claim payments

Third Party Liability insurance is a part of the general insurance system of risk financing to protect the purchaser (the "insured") from the risks of liabilities imposed by lawsuits and similar claims. It protects the insured in the event is sued for claims that come within the coverage of the insurance policy. The modern system relies on dedicated carriers, usually for-profit; to offer protection against specified perils in consideration of a premium.

Liability insurance is designed to offer specific protection against third-party insurance claims, i.e., payment is not typically made to the insured. In general, damage caused intentionally as well as contractual liability is not covered under liability insurance policies. Motor vehicle insurance law is governed by the Motor Vehicles Act, Insurance Act and aspects of insurance contracts governed by the Contract, Transfer of Property Act and a few others. Motor vehicle insurance is the insurance coverage of the risk of third party arising out the use of motor vehicle and also for covering the risk of damage caused to the vehicle. Taking insurance policy for coverage of certain risks is made compulsory and coverage for other risks is optional at the instance of the owner. Accordingly, motor vehicle insurance policies can be divided into two, namely, compulsory insurance policy (Act policy) and comprehensive policy.

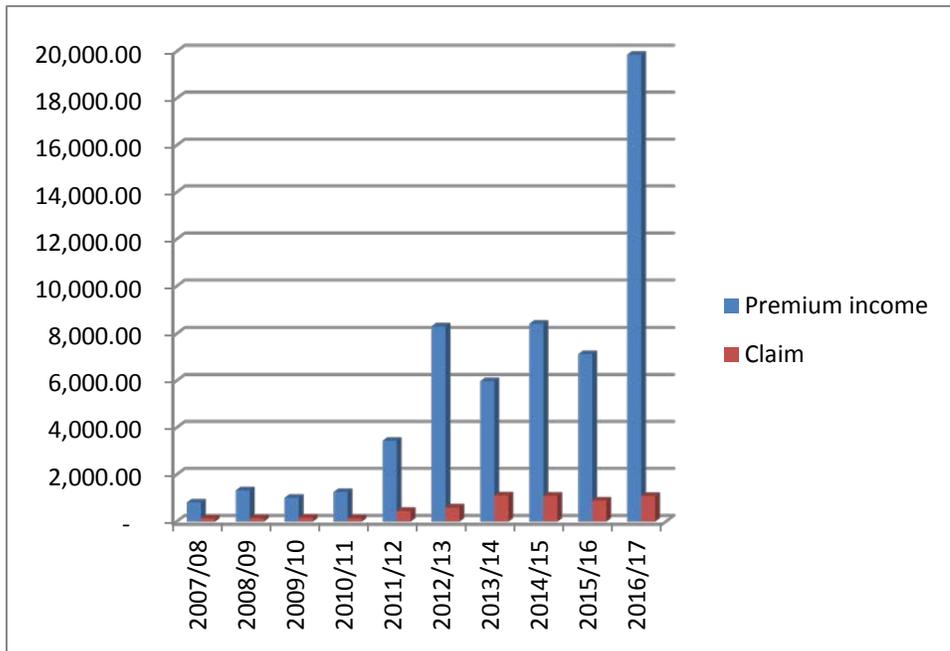
Table 4.9: Third Party Liabilities and Comprehensive Motor Insurance from (2007/08-2016/17)

(Kyats in millions)

Fiscal Year	Third Party Liabilities and Comprehensive Motor		
	Premium income	Claim	%
2007/08	812.25	132.69	16.33
2008/09	1,329.53	152.01	11.43
2009/10	1,015.78	169.88	16.72
2010/11	1,261.00	141.92	11.25
2011/12	3,441.20	454.82	13.21
2012/13	8,315.91	597.61	7.18
2013/14	5,985.50	1,111.34	18.56
2014/15	8,423.73	1,110.12	13.17
2015/16	7,132.37	895.10	12.54
2016/17	19,863.36	1,090.27	5.48

Sources: Myanmar Insurance annual reports books

Figure 4.8: Third Party Liabilities and Comprehensive Motor Premium, Claim (2007/08to 2016/17)



Sources: Myanmar Insurance annual reports books.

Above table shown that Third Party Liabilities and Comprehensive Motor premium incomes is increased by yearly from 2008/09 to 2017/18. After the changing market economic system, these insurance services are firstly blooming and developing. Otherwise year 2013/14, the insurance laws also changed. Insurances licenses are open to private sectors and oversea insurances companies also come and invested in country. The table shown that the percentage of claim repayments are minimum 5.49% in year 2016/17 and maximum 18.58% in year 2012/13. The repayment ratio percentage lower is assuming that insurance services are more effective to insured and benefit of insurance companies.

Chapter 5

Conclusion

5.1 Findings

The insurance business started in 1826 in Myanmar. At that time it's too short and state businesses are trying to developing and learning open marketing system. Indeed, between 1897 and 1940 there were some 110 insurance companies registered in what was then known as Burma. In the early years of the country's independence, private insurers continued conducting business, but in 1952 a nationalization process began under the newly formed socialist regime. In 1959 all life insurance companies were consolidated in the state Union Insurance Board and by 1964 all private insurers had been abolished.

From 1969 to 1976 all nationalized financial sector activities were brought under the People's Bank of the Union of Burma. Its decentralized structure meant that all insurance business was then placed under a state entity, Myanmar Insurance Corporation. This outfit renamed Myanma Insurance in 1989 still dominates the market, with both life and non-life lines of business in its portfolio. Under the Myanmar Insurance Law, the Ministry of Finance (MoF) still guarantees Myanma Insurance's liabilities. Additionally, foreign businesses operating in Myanmar are required to buy insurance from the state-owned underwriter. Insurance provides exactly the kinds of public beneficial and business sector. Myanma Insurance has 30 types of services and but some are not yet being running.

According to the life insurance service, Life insurance premium income is normally increased and that is shown in Year 2007/08 premium income Kyats 967.05(mn) to Year 2016/17 premium income Kyats 3,108.35 (mn). Claim percentage are minimum 22.21% (Year 2015/16) and maximum 40.31% (Year 2007/08). After the changing market economic system and insurance sector's law s also changes, the public sector individual are more trusted and rely on insurance service. The focus of the claim percentage, the life insured is more and more increase and not only insured safety future loss but also insurance companies are benefit.

The Fire & Allied Perils Insurance premium incomes are increased year by year. In year 2007/08, premium income is kyats 6,670.33 (mn) to increasing year 2016/17 kyats 21130.80(mn). The claim repayment is also increased. In year 2007/08, claim repayment is kyats 140.84 (mn) and year 2016/17 has increased to kyats 2596.43 (mn).

Premium and claim percentage are minimum year 2007/08 has 2.11% and year 2008/09 has maximum 53.38%. The cause of increased in year 2008/09 claim percentages 53.38% is in 2008 the big storm called Nagis attacked in lower Myanmar and extremely business damages and individual losses happening in coastal area.. Especially the changing market economic system, premium incomes are more than higher previous year. The Fire & Allied Perils Insurance sectors are providing protected the business sectors and to be stabilities of the business sector.

Marine, Aviation & Travel Insurance services are providing protected the business sectors and to be stabilities of the business sector as well as individual families future loss safety. The percentage of premium and claim repayments are minimum 2.86% and maximum 9.28% of year 2010/11. After the changing market economic system, incoming and outgoing traveler are blooming and providing protected the business sectors and to be stabilities of the business sector as well as individual families future loss safety.

Third Party Liabilities and Comprehensive Motor premium incomes is increased by yearly from 2008/09 to 2017/18 is increased by yearly. the percentage of claim repayments are minimum 5.49% in year 2016/17 and maximum 18.58% in year 2012/13. The changing market economic system and the insurance laws changes, insurance services are more effective to insured and benefit of insurance companies.

It is clear that Myanmar Insurance Service are now blooming and developing. And all of the authorize persons are try to promote Insurance service by seen newspapers and magazine often. Because Businesses and individual financial save and stabilities are basic on rely with insurance services. Nowadays, the insurance becomes a major component in certain economies.

5.2 Suggestions

The arrival of foreign insurance companies might also be good news to

other investors. Foreign investors are required to insure themselves for certain risks with a Myanmar licensed insurer under the investment laws and rules, but many investors find it hard to comply because of the underdeveloped insurance market in Myanmar. The government also announced to allow foreign insurance companies to operate and provide investment, technology and others requirements that are needed in the country's insurance sector. Currently, there are 24 foreign insurers with representative offices in Myanmar.

GDP is increasing year by year steadily. And insurance sector in Myanmar also increasing but still not yet steadily, it can be see that insurance sector is still struggling in important aspects such as skilled workforce, modern insurance technology and sometime effective from business condition and country administration policies.

Business is sort of types and all of them have risks. So, all business sector should have accepted the policy from the insurer whatever the business in crises, there were not dilapidation and so that the business is stability. Even not the business, the country economy also effect and pain. So, it is shown the insurance are providing to stabilities and safe for future business and society.

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