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DETERMINANT FACTORS FOR BUYING DECISION
ON FIRE INSURANCE IN MYANMA INSURANCE

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(MBF- 4th BATCH)

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DETERMINANT FACTORS FOR BUYING DECISION ON FIRE INSURANCE IN MYANMA INSURANCE

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the degree of Master of Banking and Finance (MBF)

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ABSTRACT

This is study on determinant factors for buying decision on fire insurance in Myanma Insurance. The objectives of this study are to identify the fire insurance practices of Myanma Insurance and to analyze the determinant factors for buying decision on fire insurance in Myanma Insurance Yangon. For this study, the primary data were collected by the structured questionnaires that are delivered to the respondents who are existing policy holders of fire insurance in Myanma Insurance Yangon using Simple Random Sampling (SRS). The method of research applied in this study is descriptive research method and mean score ranking is used to examine how 7 factors of marketing mix influence on customer buying decision. The sample size is 115 (7.8%) out of 1474 of fire insured who live in Yangon in 2016-2017 FY and in 2017-2018 FY. The determinant factors related with products, price place, promotion, people, process, and physical evidence are identified and assessed with questionnaires. The study found that overall marketing mix factors can affect customer buying decision. People factors mostly influence on customer buying decision followed by product factors while physical Evidence factors slightly influence on customer buying decision. The other factors such as promotion, place, process and price moderately influence on decision making of the policy holders. It means that customers satisfy on the services delivered by staffs and agents of Myanma Insurance but, it should look over not only to upgrade their physical assets like office building, furniture and equipment to be in modern looking and functionality but also renovate its promotional materials like brochures, flyers and its own websites to be attractive and informative to their customers. It should continue to maintain its brand image like the status of state-owned enterprise and its reputation to extend the customer base and to retain the existing customers.

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CHAPTER 1

INTRODUCTION

The insurance serves indirectly to increase the productivity of the community of country by eliminating worry and increasing initiative. From a family and business point of view all lives possess an economic value which may at any time be snuffed out by fire, and it is as reasonable to ensure against the loss of this value as it is to protect oneself against the loss of property. In the absence of insurance, the property owners could at best practice only some form of self-insurance, which may not give him absolute certainty. Fire insurance is designed to indemnify the insured for loss of, or damage to, buildings and personal property by fire. When choosing a policy, it is important to understand how insurance works. Three important components of insurance policies are the premium, policy limit, and deductible. Fire insurance policy is suitable for the owner of property, one who holds property in trust or in commission; individuals/financial institutions who have financial interest in the property. All immovable and movable property located at a particular premises such as buildings, plant and machinery, furniture, fixtures, fittings and other contents, stocks and stock in process along with goods held in trust or in commission including stocks at suppliers'/customer's premises, machinery temporarily removed from the premises for repairs can be insured.

The development of the economy depends on the soundness of its financial system. Insurance sector is one of the major players in financial system. Insurance sector in Myanmar is growing at a very fast pace. As a result of liberalization of Myanmar economy, new private sector insurance companies had come into existence which competed with both foreign insurance companies and Myanmar companies for market share. Insurance companies are competing not only with themselves but also with other financial institutions within the financial industry. With the entry of private sector insurance companies the number of insurance companies in all over the country has gone up. High level of competition is the most important factor in influencing the structure and activities of the insurance system around the globe. More and more insurance facilities are made available in every part of the country even to small cities, towns and rural areas.

With the growing awareness among the people about the insurance, various services provided by the companies and availability of insurance facilities across the globe, the insurance sector is emerging very rapidly and there is a need to identify the main factors that affect customer's choice for insurance companies. The services provided by the insurance companies are almost similar in nature and type and thus the customers are exposed to diversified choices. This means that there are unlimited switching choices and /customers will choose the alternative that gives him maximum satisfaction in references to different factors that differentiate insurance benefit from each other. Myanma insurance industries have been undergoing rapid changes, reflecting a number of underlying developments. The competition among the insurance companies is essentially based on the technology and innovative products and services provided by the insurance companies which may help them to attract and retain the customers. The competition and saturation in the insurance industry requires insurance companies to be more customer focused as the customers today are much concerned about the value for money. Insurance institutions need to create a lucrative customer base in order to increase their market share and need to identify factors that influence the choice of insurance companies' selection and work on improving them. The insurance companies have realized the need to adopt a people-oriented approach, rather than only concentrating on the profit-oriented approach, towards improving customer service.

Since customers are becoming more demanding and sophisticated, therefore, it has become important for the insurance sector to determine the factors which are pertinent to the customers for choosing a company. To prevent the migration of clients and attracting the new ones, it is very important for the insurance companies to understand the preferences of the customers to offer the services required by them. With intensified competition in the industry, it is vital for the insurance companies to understand "How customers choose their insurance company? Exploring and evaluating such information will help companies to identify the appropriate marketing strategies that are needed to sustain and survive in the market.

Consumer markets can be segmented on several bases. Segmentation of customer markets helps insurance company to discriminate insurance company customers in desired categories, so that their needs and wants may be effectively addressed for the purpose of preparing sound and effective marketing strategies. The consumer market can be segmented on the basis of demographic disparities and thus,

the impact of these variables on influence of customer's choice should be evaluated. Thus, improper identification of true determinants of consumers buying decision may result in losing potential customers. This study is attempt towards finding out determinant factors of customers while making company selection.

1.1 Rationale of the Study

Every individual family and business organizations needs insurance, for inherent risk exposures to which they are exposed. Insurance seeks to redress the assured from the financial consequences of the loss exposures in the event of the uncertain event happening, resulting in a loss of his assets, or properties or even income earnings. In 2012, 12 private insurance companies were licensed and Myanmar Insurance market has opened quickly and all were operating by 2015. To date, there are 23 foreign companies having their representative offices in Myanmar and among them three foreign insurance companies have been licensed to sell insurance in the Thilawa Special Economic Zone. In Myanmar Insurance institutions can be found (1) State run insurance Organization, (ii) local insurance companies, local insurance broker services, agencies and companies, (iii) foreign insurance representative offices, reinsurance foreign representative companies, (iv) individual insurance agents and corporate agents. In 2015, insurance industry in Myanmar started to grow and from financial sector overview and regional Perspective At the initial state, all private insurance companies are required to use the same premium rates to avoid unhealthy competition resulting in price competition and unprofitability. They will have to compete for the clients' attention through the services they provide. Insurance Business Supervisory Board, IBSB allows private insurance companies to engage in nine insurance policies: life, group life, fire, motor, fidelity, cash-in-transit, cash-in-safe, snake-bite, and sport man life but no health insurance is allowed.

Due to globalization, private insurance companies enter into Myanmar insurance Industry that have made it to become more challenging and competitive. Growing competitive and similarity of services offered by Insurance companies and Myanma Insurance have made it increasingly important that identify the factors that determine the basis upon which customers choose between providers of insurance services. Consumers change their buying decisions because of the influence of various

factors such as psychological factors, personal factors, cultural factors, social factors, the influence of family members, economic factors and social media, etc. This study intend to focus on the important role of fire insurance services in Myanmar Insurance and current premium rate, customers make buying decision of fire insurance from Myanmar Insurance and to find out the determinant factors for buying decision on insurance industry of fire insurance services of Myanmar Insurance.

The successful completion of this study can help to identify advantages and disadvantages services in Myanmar Insurance and to provide the information about weakness and strength factors of the Myanmar Insurance. Based on data collection, services can be modified in necessary area to provide better services for insurance policy holders. When services are good for customers these will be maintain to carry out future improvement of Myanmar Insurance and will made comprehensive advantages and also increase the number of customer who want to hold insurance policy from Myanmar Insurance and the business of Myanmar Insurance will get growth in the short period. This study also provides valuable information to support Myanmar Insurance necessary regarding the suitable services that will be provides for its customers.

1.2 Objectives of the Study

The main objectives of the study are as follows:

- (1) To identify the fire insurance practices of Myanmar Insurance
- (2) To analyze the determinant factors for buying decision on fire insurance service in Myanmar Insurance Yangon.

1.3 Scope and Method of the Study

This study is focus on the customers who buy fire insurance in Myanmar Insurance in Yangon and to measure their buying decision on determinant factors with 7factors of marketing mix. There are (38) braches of insurance offices in Myanmar and this study only focuses on Head office of Myanmar Insurance that is situated in Yangon. Myanmar Insurance currently provides (29) kinds of insurance services to its customers. Among them this study selected Fire Insurance in Myanmar Insurance Yangon who are holding fire insure policy during the period of 2016-2017 and 2017-

2018. The sample size is 115 (7.8%) out of 1474 in Yangon during the period of 2016-2017 and 2017-2018. The method of research applied in this study is descriptive research method. To achieve the main objective of the study, both primary and secondary data were applied. The primary data is collected through by interviewing with responsible persons in Section Head of Fire, Engineering and Miscellaneous Department under Myanmar Insurance. Yangon and customer survey collected by using structured questionnaires which were distributed using simple random sampling (SRS) to customers who are existing customers of Myanmar Insurance in Yangon. The secondary data is obtained from Myanmar Insurance. Myanmar Insurance published papers, Myanmar Insurance own website, relevant text books, previous reference data, reliable websites, and personal.

The data that was received from the questionnaire formed with five-point likert scale based on 7 factors of marketing mix. It was analyzed through statistical analysis with the help of Microsoft Excel 2013 and SPSS version 22. The structured interview outcomes were analyzed manually by using both qualitative and quantitative methods to identify determinant factors for buying decision on fire insurance.

List of factors are taken into account for the purpose like Marketing Mix: 7Ps, Product, Price, Promotion, Process, People and quality of services provided, facilities, staff professionalism and guidance, reputation of the firm etc. The variations on the buying decision with regard to factors will provide a useful insight to insurance companies when selecting their marketing strategies.

1.4 Organization of the Study

There are five chapters in this study. Chapter (1) is Introduction which include rationale of the study, objectives of the study, scope and limitation of the study, method of the study and organization of the study. Chapter (2) describes theoretical frameworks concerned with consumer behavior, determinant factors on buying decision making with Marketing Mix. Chapter (3) represents the background profile and fire insurance service provided by Myanmar Insurance . Chapter (4) consists the data analysis on the determinant factors on buying decision on fire insurance of Myanmar Insurance. Finally, Chapter (5) describes the conclusion of the study which include findings, recommendations, limitations and needs for future research.

CHAPTER 2

THEORETICAL BACKGROUND

In this chapter, overview of literature on fire insurance in Myanmar as well as theories of consumer's determinant factors on buying decisions Model with marketing mix for Fire Insurance in Myanma Insurance. A conceptual framework of study, linking the objectives to the available literature and theories are also presented.

2.1 The Concept of Insurance

“Insurance may be defined as a system of combining much loss exposure, with the cost of the losses being shared by all the participants” (Crane1980). In simple words, insurance is a means to minimize future uncertainties and losses. It is more effective to be secured from threats. Insurance provides a canopy under which the consequences of such threats are compensated and, hence, eases life. In other words, insurance can refer to a financial institute that safeguards the future economic losses. It creates the hope and provides motivation to any business. From the above definitions, insurance can be seen as a crucial factor to boost up the confidence by providing means to cope with risks faced and taken by people in their daily life. Insurance has emerged as a multidimensional business at present. It benefits directly or indirectly for various sectors of the society. Moreover, insurance institution helps in overall economic growth of country by protecting against loss of property and health. Through prevention of economic losses, insurance protects the society against degradation. It is clearer known about risk and risk management before getting further deep into insurance as these factors are the key elements of insurance. (NEPAL, 2012)

Human needs a sense of security both for the present and the future. It is because of a sense of security and assurance of the continuity of a life is an absolute thing that always desirable man. Then the man as a customer requires a product that can provide security and ensure the survival, their families, and their businesses. We are familiar with the name of the insurance. Insurance plays a vital role in the welfare of human well-being by providing insurance to millions of people against life risks such as uncertain death or accident (Shaikh, "Insurance in india," 2014). Competition among producer's insurance companies are getting sharper. Manufacturers need to

change the paradigm of marketing from the old paradigm to the new paradigm. The focus of the new paradigm is not on how to make the product, but how best to meet the needs and desires of consumers.

2.2 Importance of Insurance

Insurance is a contract that transfers the risk of financial loss from an individual or business to an insurance company (Indian education Follow, 2016). The company collects small amounts of money from its clients and pools that money together to pay for losses.

Insurance serves as a very useful means of spreading the effects of personal as well as business risks by way of loss or damage among many. Thus, the insured have a sense of security. Individuals who pay premium periodically out of current income can look forward to an assurance of receiving a fixed amount of retirement or his family being secured in the event of his death. Businessmen also pay premium for insurance of risk of loss without constant worry about the possibility of loss or damage. Insurance plays a significant role particularly in view of the large-scale production and distribution of goods in national and international market. It is an aid to both trading and industrial enterprises, which involve huge investments in properties and plants as well as inventories of raw materials, components and finished goods. The members of business community feel secured by means of insurance as they get assurance that by contributing a token amount they will be compensated against a loss that may take place in future.

From the national point of view, insurance enables savings of individuals to accumulate with the insurance companies by way of premium received. These funds are invested in securities issued by big companies as well as government. Individuals who insure their lives to cover the risks of old age and death are induced to save a part of their current income, which is by itself of great importance. Insurance is also a source of employment for people. The people get employed directly in its offices spread over the country and it also provides opportunities to the people to earn their livelihood by working as agent of the insurance companies.

2.3 The Concept of Fire Insurance

A fire insurance is a contract under which the insurer in return for a consideration (premium) agrees to indemnify the insured for the financial loss which the latter may suffer due to destruction of or damage to property or goods, caused by fire, during a specified period. The insurance policy that covers loss and damages caused by fire is called fire insurance. It is a contract made to compensate a certain loss or damage during the policy period caused by fire. Fire insurance plays a pivotal role in compensating the losses as it can cause a huge destruction of valuable property. Fire insurance contract can be customized by changing the premium as for the need of insurer. The purchase of fire insurance in addition to homeowner's or property insurance helps to cover the cost of replacement, repair, or reconstruction of property, above the limit set by the property insurance policy. Fire insurance policies typically contain general exclusions, such as war, nuclear risks, and similar perils.

The real establishment of the insurance came only after the great fire which took place in London in Sept. 1666. It lasted for four days and nights, burning over 436 acres of ground and destroying over 13,000 buildings. During that time also, fire insurance did not develop with great speed because of slow progress of commerce and trade (Jaiswal, "Fire insurance," 2016). The first fire insurance company was established in 1681, named as "The first office". The next fire insurance company came in London as "Corporation of London". In 1696 "Hand in Hand Society" was established. After that the "sun Fire Office" was formed in 1710 to transact insurance of goods. In 1714, "Union Fire Office" was created and then the "West Minister" was established in 1717.

Fire can cause the damage that is the result of two types of risks; the physical risk and the moral risk. The physical risk refers to the natural risk of fire in the property which may occur due to smoke, construction, artificial lighting and heating, lack of extinguishing apparatus, etc. The moral risk depends upon the man as physical risk depends on the property. The property may be set on fire by the owner or by any person with his willingness; carelessness and lack of sense of duty may also increase the fire damage (Jaiswal, "Fire insurance," 2016). Thus, where the property was destroyed with the willingness of the property owner is known as moral hazard.

2.4 Marketing in Insurance Business

Modern economy is characterized by the free market, which means that business activities and economic generally are associated exclusively with the market. On the market are two main mechanisms: Market supply and demand. Demand in the market is found to consumers (individual, household, enterprise), while formed in the enterprise offering, in order to meet customer requirements. Who meets answer the request or needs, it is clear: demand meets supply.

Production of goods and services has given birth to the degree of development of the productive forces of social development; previously Marketing has only assisting function, where most of the production enterprises key problem was not selling products. In this regard, the directors of enterprises to be more engaged improved production techniques since the most difficult was to produce than the market allocation. Activities that today are known as marketing by the end of the nineteenth century were named as sales, also after the First World War the sale was the main concern of enterprises, formed society of consumption where manufacturers offer unlimited amounts of products on the market, while consumer it was rare. This step marks the birth of advertising and marketing since 1950 has a modern approach to solving problems in a complex way within the enterprise, where these activities are achievable and beneficial.

The term marketing summarizes the philosophy business enterprise, institution or individual that characterizes concentration, or focus on the customer, expressed through the effort of permanent and harmonious whole enterprise, in the process of fulfilling the needs and wishes of the customer and its implementation enterprise objectives.

The purpose and mission of each enterprise is customer satisfaction. The fact that the meaning of key concept of marketing focus to consumers, any business entity that is engaged in the manufacture of products and services, to be successful you never dare to forget that in a market economy free customer is king and according to this companies also have adopted different market offers (Aponte, "Wiki Didactic," 2015).

Marketing in the insurance market plays a key role to meet supply and demand, because insurance products are products that are not seen, not touched, but exist only in the form of pledges. Selling a promise requires a confidence, a belief that

the service provider will be realized if the loss will occur. In any other economic or economic subject, whether manufacturer or service does not have such kind of product. Marketing insurance plays a manifold, on the one hand made product promotion security, then raise the awareness of citizens about models of protection from risks, increased reliability to consumers, the cost of paying for the promise given by the insurer if a loss occurs will accomplished (Draganov, 2013). Thus marketing is crucial in the development and advancement of insurance companies, thereby attempting to convince people that every company wants to win over rivals his.

2.5 Marketing and its Elements in Insurance Industry

The combination of supply and demand for these products cannot be believed without any regulatory mechanism. The insurance market is one of the most developed markets and most powerful in the world It is characteristic of this market is that increasing the number of insureds will not affect the reduction or increase of premiums. "Marketing can be defined as the process of planning and realization of the concept, pricing policy, promotion and distribution of ideas, and services for asset swap, which meet individual and organizational goals"("SWOT Analysis," n.d.).

Marketing strategy can be designed and operated through segmentation and selection of markets desired, which means the process of division of the total market of insurers in homogeneous groups of the insured, who between them are distinguished according to their needs, so choose segments which the company will provide services. When it comes to marketing in insurance marketing as discipline then scientific thoughts and understood as the conception of the work in the field of insurance. Such an approach requires the construction of a unique marketing strategy and integration within comprehensive insurance. Insurance market most often explored:

- (1) Capacity of the market
- (2) Range of insurance types;
- (3) Market development opportunities;
- (4) Distribution;
- (5) Market prices.
- (6) The participants in insurance industry are:
- (7) The Insured (individuals, families, businesses, society, etc.),

- (8) Insurance intermediaries (agents, brokers, etc.),
- (9) The Insurer (the coverage provider),
- (10) User (compensated claim).

The specificity of the insurance market is that insurance product created itself on providing contract, which means selling that product. To say that this is the specific area of insurance when considering their economic activity and by product (services) offered by the insurer (insurance company) insurance market. Insurance company - insurer, in this case sells "safety", to which the insured during his business realizes the fulfillment of obligations taken on those economic entities to which the insured is realized. Unlike other manufacturers of goods, there is no possibility of establishing inventories of products in insurance business.

Insurer might produce 10,000 "cheap" policies to market if we assume that this is its capacity, as it can be a producer of other goods. But the insurer may extend the sale directly to the required size. In practice, insurance market segmentation realized by geographic, demographic, economic and other aspects, namely by other criteria. Each of these criteria has its own characteristics, which is why it's so specifically defined, and defined so is used in the insurance market segmentation. All this is accomplished with the aim of practical benefit from market segmentation, in order to be placed as well on the services provided.(Kalaimani, 2005)

2.6 Marketing mix models that Effect Consumer Behavior on Buying Decision Making

Understanding the consumer behavior is the basic for marketing strategy formulation. Consumers' reaction to this strategy determines the organization success or failure. In this competitive environment Organizations can survive only by offering more customer value - difference between all the benefits derived from a total product and all the costs of acquiring those benefits - than competitors. Providing superior customer value requires the organization to do a better job of anticipating and reacting to the customer needs than the competitor. Marketing strategy is basically the answer to the question: How will company provide superior customer value to its target market? The answer to this question requires formulation of marketing - mix – product, price, place and promotion - strategies. The right combination of these elements meets customer expectation and provides customer value. For example,

marketer of a bike must know the customers performance expectations, desired service, Price willing to pay, information he seeks and after-sales service to provide superior customer value (Guest, "Consumer Behaviour," n.d.).

Marketing Mix is a set of marketing tools the firm uses to pursue its marketing objectives. It is classified into four broad groups, which are product, price, place, and promotion. Marketing mix decisions must be made for influencing an offering mix of products, services, and prices, and utilizing a communication mix of advertising, sales promotion, events, experiences, public relations, direct marketing, and personal selling to reach the trade channels and target customers (Keller & Kotler, 2006). The marketing program consists of numerous decisions on value-enhancing marketing activities to use. Marketing activities come in all forms. McDaniel, Lamb & Hair. (2011:3) defined marketing has two facts. First, it is a philosophy, an attitude, a perspective or a management orientation that stresses customer satisfaction. Second, marketing is activities and processes used to implement this philosophy. Burns and Bush (2009:4) defined marketing as an organization function, not a group of persons or separate entity within the firm. Actually, it is also a set of processes and not a single tactic such as creating and end-aisle display.

Marketing Mix (4Ps)

One traditional depiction of marketing activities is in terms of the marketing mix, which has been defined as the set of tools into four broad groups, which is called the four Ps: product, price, place, and promotion. Marketing mix decisions must be made for influencing the trade channels as well as the final consumers. The four Ps represent the seller's view of the marketing tools available for influencing buyers (Qin & Foosiri, 2016). From a buyer's point of view, each marketing tool is designed to deliver a customer benefit (Kotler & Keller, 2006). Marketing Mix McDaniel, Lamb & Hair. (2011:43) defined marketing mix as a unique blend of product, place (distribution), promotion, and pricing strategies (often) referred to as the four Ps). According to Lupiyoadi (2006:56) marketing mix is a tool (tools) or tool for marketers which consists of various elements of a marketing program that should be considered that the implementation of the marketing strategy and positioning are applied to running a successful.

The 4Cs Marketing Model

The 4Cs marketing model was developed by Robert F. Lauterborn in 1990. It is a modification of the 4Ps model. It is not a basic part of the marketing mix definition, but rather an extension. Here are the components of this marketing model:

Cost – According to Lauterborn, price is not the only cost incurred when purchasing a product. Cost of conscience or opportunity cost is also part of the cost of product ownership.

Consumer Wants and Needs – A company should only sell a product that addresses consumer demand. So, marketers and business researchers should carefully study the consumer wants and needs.

Communication – According to Lauterborn, “promotion” is manipulative while communication is “cooperative”. Marketers should aim to create an open dialogue with potential clients based on their needs and wants.

Convenience – The product should be readily available to the consumers. Marketers should strategically place the products in several visible distribution points (Mmbololo, "Safaricom marketing mix and it's environment," 2016).

Marketing Mix (7Ps)

Figure (2.1)

Marketing Mix- 7Ps



Source: Kalaimani, 2005

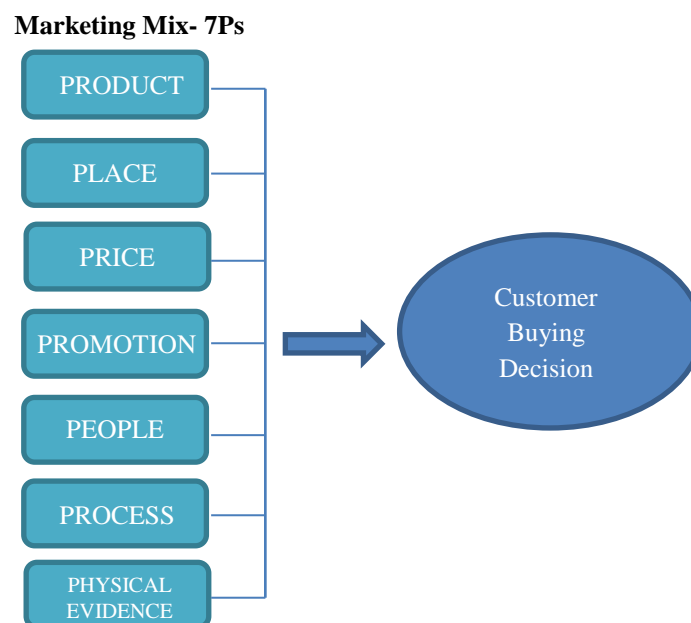
The marketing mix is one of the most famous marketing terms. It is the tactical or operational part of a marketing plan. The marketing mix can be the 4Ps, the

5Ps or the 7Ps. The 4Ps are Price, Place, Product and Promotion. The services marketing mix is also called the 7Ps and includes the addition of Process, People and Physical evidence. Whether the marketers are using the 4Ps, the 7Ps, or the 4Cs, their marketing mix plan plays a vital role. It is important to devise a plan that balances profit, client satisfaction, brand recognition, and product availability. It is also extremely important to consider the overall “how” aspect that will ultimately determine their success or failure. By understanding the basic concept of the marketing mix and its extensions, the companies will be sure to achieve financial success whether it is your own business or whether you are assisting in your workplace's business success. The ultimate goal of business is to make profits and this is a surefire, proven way to achieve this goal ("Marketing Mix Definition - 4Ps & 7Ps of the Marketing Mix," n.d.).

2.7 Conceptual Framework of the Study

This study develops own compilation framework considering theoretical reviews, marketing mix models and determinant factors on the customer buying decision making. The components of the framework are explained as follows:

Figure (2.2)
Conceptual Framework



Source: Own compilation

This study develops own conceptual framework considering the theoretical reviews, various marketing mix models and factors influencing on the customer buying decision making.

Product Factors

A product means what we produce. If we produce goods, it means tangible product and when we produce or generate services, it means intangible service product. A product is both what a seller has to sell and a buyer has to buy. Thus, an Insurance company sells services and therefore services are their product. In Myanmar, Myanma Insurance is the state-owned entity offering insurance services to the users. (Kalaimani, 2011) On the other hand, a product is anything a consumer acquires or might acquire to meet a perceived need. Consumers are generally buying need satisfaction, not physical product attributes. (Hawkins et al., 2001). The study mainly focuses on the coverage, terms and availability of additional covers as the product factors of fire Insurance of Myanma Insurance.

Price Factors

The pricing in insurance is in the form of premium rates. The three main factors used for determining the premium rates under a life insurance plan are value of the properties, expense and interest. The premium rates are revised if there are any significant changes in any of these factors (Kalaimani, 2011). Therefore, setting a price requires a thorough understanding of the symbolic role that price plays for the product and target market question. It is important to note that the price of a product is not the same as the cost of the product to the customer. The consumer cost is everything the consumer must surrender in order to receive the benefits of owning or using the product. One of the ways that firms seek to provide customer value is to reduce the non-price costs of owning or operating a product. If successful, the total cost to the customer decreases while the revenue to the marketer stays the same or even increases (Hawkins et al., 2001). Another aspect of the price perception is psychological pricing. The reasoning behind such pricing strategies is that consumers are likely to perceive used in cut-price sales promotions to increase the feeling that a price has been drastically reduced. The study here focuses on premium fees, premium fee calculation, and penalty fees for late payment of premium and discounts/bonus for policy holders as the price factors of Myanma Insurance.

Place Factor

Conceptually, place is defined as a channel, distribution or intermediary. In short, it is the mechanism of goods and services that facilitates the flow of goods and services from the manufacturers and service providers to the end users. It includes company activities that make the product available to target consumers (Armstrong & Kotler, 2003). Only in rare cases will customers go to much trouble to secure a particular brand. Obviously, good channel decisions require a sound knowledge of where target customers shop for the product (Hawkins et al., 2001). Place is also known as channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer or service provider to the user or consumer. As you will be aware from your experiences as a consumer, producers rarely sell their goods or services directly to the person that consumes them. Marketing channels, or place in terms of the marketing mix, are the means by which interdependent organizations move products or services from the producer to the person that purchases or consumes the product. This is the basic role of distribution. In this case, the study focuses on Location, car parking, having many branches across country and agents of Myanma Insurance as place factors.

Promotion

The insurance services depend on effective promotional measures. It is essential to have both personal and impersonal promotion strategies. In promoting insurance business, the agents and staffs at branches play an important role. Due attention should be given in selecting the promotional tools for agents and even for the branch managers and front-line staff. They also have to be given proper training in order to create impulse buying. Advertising and Publicity, organization of conferences and seminars, incentive to policyholders are impersonal communication (Kalaimani, 2011). It also means activities that communicate the merits of the product and persuade target customers to buy it (Armstrong & Kotler, 2003). The attitude, interest and opinion categories for differences among customers are applied to decision making for marketing strategy, creative executions and media planning. The essence of the marketing concept revolves around segmentation, the magic that allows marketers to identify potential target markets. This study only focuses on Myanma Insurance's promotion channels like advertising on Newspapers, television, radios, social media, billboard, brochures, etc. In addition to these factors, the status of state-

owned enterprise and reputation of Myanmar Insurance are considered as strong brand worthy promotional factors.

People

Understanding the customer better allows to design appropriate products. Being a service industry, which involves a high level of people interaction, it is very important to use this resource efficiently in order to satisfy customers. Training, development and strong relationships with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas to look into. The company's employees are important in marketing because they are the ones who deliver the service. It is important to hire and train the right people to deliver superior service to the clients, whether they provide any services to their customers. When a business finds people who genuinely believe in the products or services that the particular business creates, it's highly likely that the employees will perform the best they can. Additionally, they'll be more open to honest feedback about the business and input their own thoughts and passions which can scale and grow the business. The study focuses on how the staffs of Myanmar Insurance and the agents perform affectively when they provide their services to the clients considering as people factors.

Process

The systems and processes of the organization affect the execution of the service. The process should be customer friendly in insurance industry. The speed and accuracy of payment is of great importance. The processing method should be easy and convenient to the customers. So, the service providers have to make sure that they have a well-tailored process in place to minimize costs. It could be the entire sales funnel, a pay system, distribution system and other systematic procedures and steps to ensure a working business that is running effectively (Yakubowich, "Marketing Mix," n.d.). IT will help in servicing large no. of customers efficiently and bring down overheads. Technology can either complement or supplement the channels of distribution cost effectively. It can also help to improve customer service levels. In this case, the study focuses on Myanmar Insurance's operation hours, policy assignment, Complaint handling/grievance redressal and Claim settlement as the process factors.

Physical Evidences

Physical evidence is still important when a company is selling something intangible like a service. (Insurance Business, 2016) Additionally, physical evidence pertains also to how a business and its products are perceived in the marketplace. It is the physical evidence of a business' presence and establishment. Physical evidence is the environment in which the service is delivered and where the firm and the customer interact and any tangible commodities that facilitate performance or communication of the service. It includes every tangible touch point i.e., brochure, building, dress of the people, furniture, wall decor etc. (Raju & Xardel, 2004). The elements of marketing mix which customers can actually see or experience when they use a service, and which contribute to the perceived quality of the service. Here, the study focuses on Myanma Insurance's office building, furniture, website, brochures, and policy proposal forms/handbooks whether they are good looking, attractive, clearly stated and easy to understand.

CHAPTER 3

BACKGROUND STUDY ON MYANMA INSURANCE

In this chapter, current development in Myanmar's Insurance Sector, the background of Myanmar Insurance, organizational structure of Myanmar Insurance, service portfolios of Myanmar Insurance, Fire Insurance Policy in Myanmar Insurance and comparisons of the number of fire insurance policy holders and premium amount in last two Fiscal years are described and mainly discussed.

3.1 Current Development in Myanmar's Insurance Sector

In January 2, 2019, the companies wishing "to operate the business of insurance, underwriting agency or insurance broking with foreign investment" to open for business in the country will officially be permitted according to Ministry of Planning and Finance's announcement No1/2019. The Ministry invites interested local and foreign insurers to submit Expressions of Interest and/or Requests for Proposals to operate insurance businesses in Myanmar. The process will be facilitated by the Financial Regulatory Department. According to the announcement, life insurance providers will be given two options to operate. The first option allows not more than three licenses for foreign life insurers to operate as 100pc wholly owned subsidiaries. The second allows foreign life insurers with a representative office in Myanmar to form a joint venture with a local life insurer. Meanwhile, non-life insurance providers with representative offices in Myanmar will be allowed to form a Joint Venture with local non-life insurers. Local composite insurers are to operate as separate entities, which will pave a way for foreign entities to associate or partner with the local insurers.

Since 2013, 11 local insurers have been granted licences to operate, while 14 foreign insurers have set up 30 representative offices in the country. Myanmar's fledgling insurance market has grown about 40 percent since it was opened up two years ago. Foreign insurance companies from 14 countries have established a total of 31 representative offices in Myanmar in anticipation of the government allowing full foreign investments in life insurance and joint ventures in general insurance. Foreign competition is needed in Myanmar Insurance business as local companies need more competition to be able to provide better services. Foreign insurance providers can help

to fill this gap with technical know-how due to lack of human resources and skills. This will help domestic insurance companies produce better quality products and distribution channels. (KO KO, 2019) In 2013, state-owned Myanmar insurance relinquished its monopoly to allow private market to emerge, with the participation of foreign companies. To strengthen the process of private sector participation in the area of insurance industry that had been granted since 2013 and to increase inflow of foreign investment. At the initial stage, all private insurance companies are required to use the same policy premium rates to avoid unhealthy competition resulting in price competition and unprofitability. They will have to compete for the clients' attention through the services they provide. Insurance Business Supervisory Board (IBSB) allows private insurance companies to engage in nine insurance policies: life, group life, fire, motor, fidelity, cash-in-transit, cash-in-safe, snake-bite, and sport man life but no health insurance is allowed. IKBZ and Grand Guardian Insurance were the first local private insurers that started operations on June 12, 2013.

Foreign insurance companies –mainly from Japan-also operate representative offices in Myanmar. However, the Myanmar insurance sector is struggling in important aspects such as skilled workforce, modern insurance technology, reinsurance, and experience in insurance supervision. A lack of public awareness about the importance of an insurance system is also one of the challenges faced by Myanmar Insurance companies. As a microfinance market has not yet emerged, access to insurance services is still limited to a relatively small part of the population that belongs to the middle and upper class in Myanmar (Foerch, Thein, & Waldschmidt, 2013).

Myanmar has great potential insurance market to become one of the most promising emerging markets in Asia. Foreign competition is needed in Myanmar Insurance market. Local insurance companies need more competition to be able to provide better services because they lack human resources and skills. Foreign insurance providers can help to fill this gap with technical know-how. So, this will help them produce better quality products and distribution channels in the future. The government is also under pressure to open up the insurance sector to foreigners to deepen the bond market and enable to raise debt for expansion. (KO KO, 2018)

3.2 Background Description of Myanmar Insurance

Myanmar Insurance, the state-owned insurance company, was founded in 1952 and started as a life insurer but it underwrites both life and non-life insurance. 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. The head office of Myanmar Insurance is situated at Marchant Road, Yangon and it has 38 branch offices at most cities in states and regions throughout the country. Myanmar insurance is backed by Government, which assumes all the liabilities of it under the Myanmar Insurance Law. Therefore, Myanmar Insurance is the insurer who will never be liquidated. Myanmar Insurance is also reputed as the insurer who will never run away from a legitimate claim and it has paid total of kyats 2981.612 million in claims in the financial year (2014-2015). Myanmar Insurance, like all other insurers, is using agency system extensively and from time to time new agents are recruited and trained.

The mission and vision of the Myanmar Insurance are as follows;

- (1) Myanmar Insurance has its vision on that is necessary for eradicating public losses economically and socially due to act of God and act of human beings.
- (2) By utilizing insurance in the name of risk management, Myanmar Insurance takes its mission enthusiastically to render recoupment of past losses for public those who suffered from economic and social losses due to act of God and act of human beings.

3.3 Organizational Structure of Myanmar Insurance

Organizational structure of Myanmar Insurance is organized into six main departments that they are Administrative department, Finance department, Life Insurance Department, "Fire, Engineering and Miscellaneous Department", "Marine, Aviation and Travel Department" and "Third Party Liability Department". There is one Managing Director and one General Manager at top level management. There are three Deputy General Manager who overlook six main departments. One Deputy General Manager takes responsibilities for three Departments that they are Administrative department, Finance department and Third-Party Liability Department with assistance of three Assistant General Managers. Another Deputy General Manager takes responsibility for Fire, Engineering and Miscellaneous Department with assistance of one Assistant General Manager. The last Deputy General Manager

takes responsibility for Marine, Aviation and Travel Department and Life Insurance Department with assistance of one Assistant General Manager.

Each Department is managed by one manger, one assistant manager, supervisor, deputy supervisor, one LD and one UD. Myanma Insurance employs more than 900 staffs throughout the country in 2018. There are 500 staffs in Head Office and in the branches in Yangon Region and another 400 staffs are in different branches of States and Regions. (See Organizational chart in Appendix B)

3.4 Service Portfolios of Myanma Insurance

Myanma Insurance started as a life insurer but later it underwrites both life and non-life insurance. Life insurance can be understood as the insurance contract, in which the life risk of an individual is covered. Regarding life insurance, it underwrites the portfolios: Government Services (Personnel Life Insurance), Army Personnel Life Insurance, Public Life Insurance, Group Life Insurance, Seaman Life Insurance, Life Insurance for Personnel with Shore Job, Sportsman Life Insurance, Snakebite Life Insurance and Health Insurance. General insurance refers to the insurance, which are not covered under life insurance and includes various types of insurance, i.e., fire, marine, motor, etc. Regarding non-life insurance, it currently underwrites the following portfolios: Fire & Allied Perils Insurance, Burglary Insurance, Fidelity Guarantee Insurance, Cash in Safe Insurance, Cash in Transit Insurance, Personal Accident & Disease Insurance, Workmen's Compensation Insurance, Liability Insurances, Contractor's & Machinerics Insurance, Deposit Insurance, Marine Cargo Insurance, Marine Hull & Machinery Insurance, Aviation Hull Insurance, Aviation Liability Insurance, Travel Insurance, Ship Owner and Ship Operator's Liability Insurance, Tiger Fishing Barge Owner's Liability Insurance, Oil & Gas Insurance, Third Party Liability Insurance and Comprehensive Motor Insurance (TUN, "Myanmar Expects 2.5 Percent Development in Insurance Sector by 2030," 2018).

3.5 Fire Insurance Policy in Myanma Insurance

Fire, Engineering and Miscellaneous Department under Myanma Insurance is the main department which is responsible all the cases of fire insurance policy. It covers not only fire insurance but also engineering insurance, miscellaneous insurance, liability insurance, deposit insurance, credit guarantee insurance and

reinsurance. Fire insurance covers the properties as buildings, machinery, furniture, stocks and equipment owned by the state, cooperatives, joint-ventured companies or the public against the loss or damage due to the fire and allied perils (Indian education Follow, 2016). 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. Fire insurance contract is defined as “an agreement, whereby one party in return for a consideration undertakes to indemnify the other party against financial loss which the latter may sustain by reason of certainly defined subject-matter being damaged or destroyed by fire or other defined perils up to an agreed amount”. Fire, in order to make the insurer liable under the contract, must satisfy two conditions.

First, there should be actual fire or ignition, and second, the fire must be fortuitous in its nature. It is a well-known fact that the fire causes huge losses every year. The individual owner by taking fire Insurance can prevent the fire waste to some extent. The insurer acts as a middleman between all the members of the society who are exposed to the fire risk on the one hand and the members who will be the actual victims of the fire losses on the other. The insurer charges the premium from all the insured members and makes good the losses when they occur to any of them.

The system of fire insurance cannot save the society from the economic loss to the community to the extent of the property lost by fire, but it compensates someone and this saves him from a ruinous loss, at the cost of a group of some others. The party responsible to indemnify the loss is called the insurer, the party who is to be indemnified is called the insured, the consideration for the contract is termed ‘the premium’, the defined subject-matter is termed ‘the property insured’ the sum set forth in the contract is called the assured sum, and the document containing the terms and conditions of the contract is known as ‘the policy (Dharmik, "Fire ins.," 2013).’

Loss or damage must be either by ignition of the article or property or premises or part thereof. In other words, the damage should be occasioned by fire. Loss or damage caused by excessive fire heat cannot be included in ‘loss or damage by fire’. It should be proved here, that the loss should be caused by fire. The cause of the fire is not important. The fire even if caused by the negligence of the servant or himself may come under the definition of fire. There should be no fraud or willful misconduct by the assured. There should be actual ignition but a process resembling fire may not be fire. For example; the damage done due to smoke due to faulting

chimney or overheated iron is not the example of fire. Similarly, chemical actions, explosion, lighting, etc. are not occasioned or example of fire. Any loss caused by fire lighted purposely is not a loss by fire if it was intentional. However, the property burned accidentally in an ordinary fire, such as domestic fire, the loss is covered even if the fire remains under control (Justvoguish, 2018).

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;

- (1) Riot, Strike and Malicious Damage
- (2) Earthquake Fire and Earthquake Shock
- (3) Explosion
- (4) Spontaneous Combustions
- (5) Storm, Typhoon, Hurricane, Tempest, Cyclone
- (6) Flood and Inundation
- (7) Air Craft Damage Impact Damage Subsidence and Landslide
- (8) Burglary
- (9) War Risk

Myanma Insurance (MI) provides a comprehensive coverage for your property including stocks, equipment and furniture. If the insured encounters total loss, he or she can obtain the compensation up to the amount of sum insured for total losses of or damage to the insured property. For partial Loss, compensation up to the actual value of the property destroyed by fire or insured perils will be paid to the insured. The term of the policy will be from 10 days to 1 year and can be renewed on a yearly basis. Total sum insured may depend on the building class and current market value of the property.

Fire insurance provides coverage for the following assets based on (a) agreed value or (b) market value of the property

- (1) Building
- (2) Stocks & other contents
- (3) Machinery equipment
- (4) On stock-in-trade
- (5) Household goods & furniture

The following losses of property are covered under Standard Fire Policy:

Loss of or damage to the property is directly caused by water or other extinguishing agent. Damage to the property during the removal of property from the burning building. Damage to the property due to the demolition by the firefighters in order to deter the spread of fire. Customer can also buy additional covers by paying additional premium.

For eligibility, any person who owns a property or who has a legal obligation over safety of a property can buy the coverage. And the premium amount may vary depending on building class, occupation of building, surrounding of the building and total sum insured. Premium amount will be around 0.28% to 3.6% on total sum insured and must be paid by lump sum payment yearly. The insured can enjoy no claim bonus that is a discount on the insurance premium as a bonus for not having made a claim against one's policy. The bonus scheme is as follows;

Table (3.1)
Bonus Scheme for Fire Insurance Policy Holders

POLICY YEAR	PREMIUM AMOUNT
1st Year	No Bonus
2nd Year	25% of Basic Premium
Subsequent Years	25% of Basic Premium

Source: Myanma Insurance, 2018

3.6 Processing Steps in Accepting Fire Insurance Proposal

The processing and steps for taking fire insurance policy at Myanma Insurance are described in this section. The insured can insure for both moveable and immoveable properties such as buildings, machines, commodities stocks, furniture and office appliances, etc. But he or she may not insure the properties which cannot be valued or which can be fired automatically as followings;

- (1) The commodities stock for temporary storage
- (2) Gold metal, silver and gems stones
- (3) The arts materials that are valued more than 300 kyat.
- (4) Old scripts, text papers, pictures, sketches, agreement papers, stamps, currency, ledger books and books used for office
- (5) Coals
- (6) Explosives

The sum insured means that the value of the properties which the insured propose to take the fire insurance policy at Myanmar Insurance. But the value must not be lower than the actual value of those properties. If the insured put the value that is lower than the actual value when he or she applies the insurance, the insured will take responsible for this difference value. The value of the insured properties must be actual market value. The market value of the building and its sale price is checked when the insured apply the fire insurance for the building. Only the value of the construction cost of the building is checked carefully, but not taking account the market value depends on the place and regions. So, the insurer checks and accepts by calculating Per Area Estimation, PAE of the insured building. Making PAE, buildings are checked and accepted after categorizing into three classes; first, second, third and four class. The length, width, height and number of floors are required to know when the insurer makes PAE. If the building has more than one floor, PAE requires calculating according to the area and value for each floor. Furthermore, the clear pictures of the building and its surrounding area are required to take when making PAE calculation. The insured needs to enclose the evidences that can provide for value calculation. For accepting fire insurance policy for furniture, machineries and commodities stock, the detail lists, value evidences and photographs are needed to be checked by survey.

The term for fire insurance is from 10 days to 1 year. For acceptance of proposal, the insured have to apply the fire insurance policy by using the form provided. The insured have to fill the requested information in all fields of the form and needed to double check whether it is complete or not before submitting to the fire insurance department of Myanmar Insurance. The insurers, the staffs and the department head, will check the properties insured if it is necessary. The insured have to make sure to fill the place of building and types of building according to the official classification. And then the insurer sends the survey team to check the building or insured properties. This is the main task for processing of fire insurance policy acceptance. The team will check carefully whether all the situations meet the facts mentioned in the application or not and also check the compliance with the prescribed guideline such as types of building, value and its surrounding area. It is considered to include types of buildings, usages, and life of building when premium rate calculation is made according to the tariff rate table. For first class building, premium calculation is made according to the location of the building and the other building situated within

25 feet of its surrounding area. If the building is second class or third class, the premium calculation is made according to the location of the building and the other building situated within 50 feet of its surrounding area.

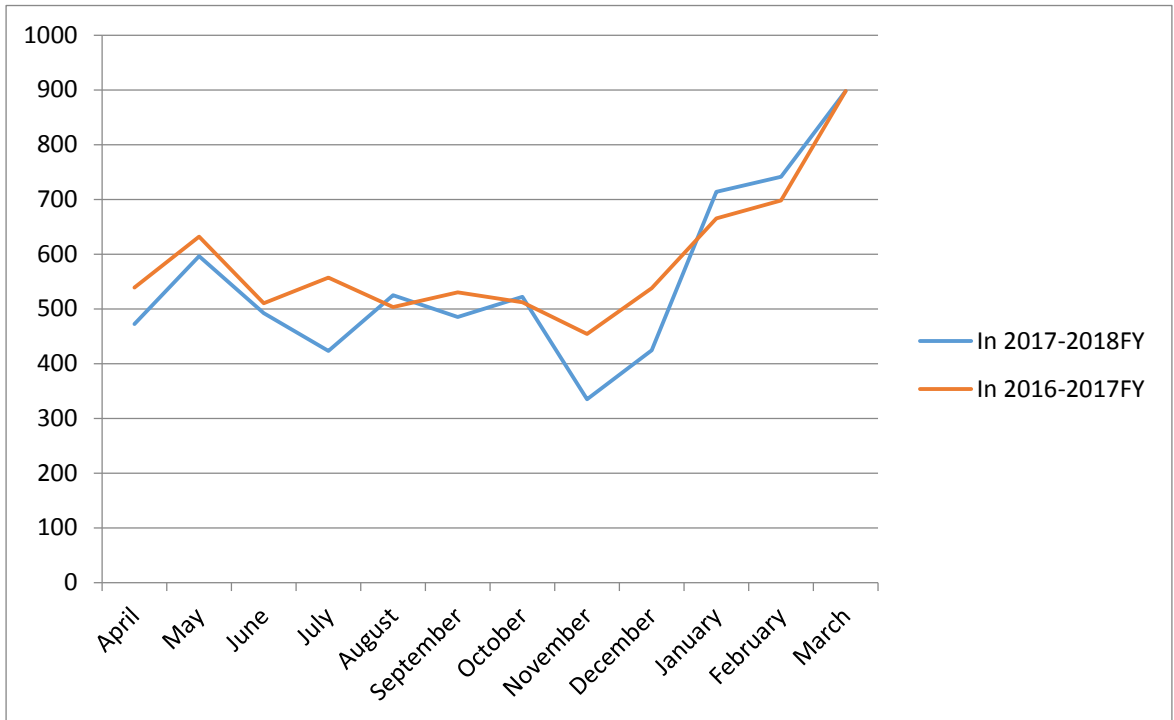
For premium calculation for first class building, the average rate is calculated the sum of the tariff rate of the building and the other building, class four building, that is situated within 25 feet of its surrounding area. For premium calculation for second- or third-class building, the average rate is calculated the sum of the tariff rate of insured building and the other building, class four building, that is situated within 50 feet of its surrounding area. Fire insurance coverage includes mishaps caused due to lightning, accidental fire, explosion or implosion, etc. and also man-made perils like loss of or damage to the property directly caused by water or another extinguishing agent, damage to the property during the removal of property from the burning building and damage to the property due to the demolition by the firefighters in order to deter the spread of fire. The insured can buy the additional perils with additional premium.

The number of fire insurance policy holders grows slightly in 2017-2018 FY compared with the same period of 2016-2017 FY. In 2017-2018 FY, the number of fire insurance policy holders and the premium amount through the agents are 6627 and 8,307,834,179.14 kyat. The number of fire insurance policy holders and the premium amount by self are 1747 and 1,463,929,617.34 kyat. So the total number of fire insurance policy holders is 8374 and the total premium amount is 9,771,763,796.48 kyat.

In 2016-2017 FY, the number of fire insurance policy holders and the premium amount through the agents are 7036 and 8,164,555,999.63 kyat. The number of fire insurance policy holders and the premium amount by self are 1474 and 1,463,929,617.00 kyat. So, the total number of fire insurance policy holders is 8510 and the total premium amount is 9,628,485,616.63 kyat as shown in Figure (3.1) and Figure (3.2).

Figure (3.1)

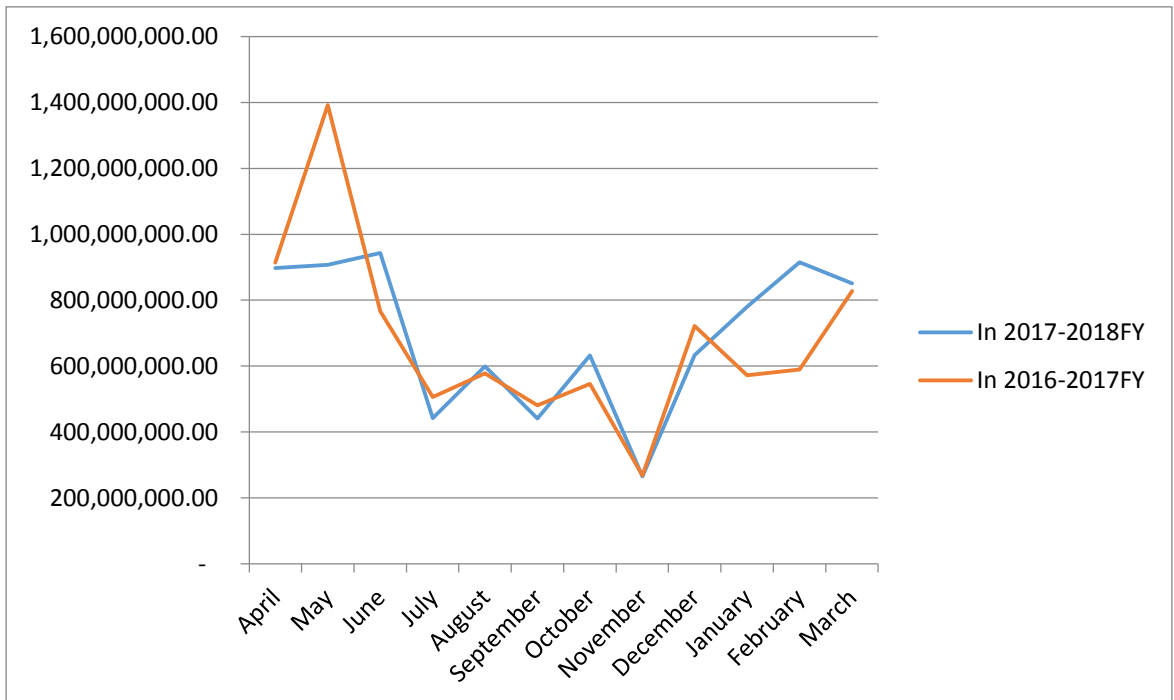
Number of Fire Insurance Policy Holders in 2016-2017FY and 2017-2018 FY



Source: Myanmar Insurance, 2018

Figure (3.2)

Premium Amount in 2016-2017FY and 2017-2018 FY



Source: Myanmar Insurance, 2018

The number of policy holders by Agent is more than that by Self in both 2016-2017FY and 2017-2018 FY as shown in Figure (3.3). And the premium amount by Agent is also more than that by Self in both 2016-2017FY and 2017-2018 FY as shown in Figure (3.4). (See detail figure in Appendix A) The number of policy holders in Yangon is 1474 in 2017-2018 FY that is slightly increased, compared with 2016-2017FY in which the number of policy holders is 1330.

Regarding claim settlement of fire insurance, Myanmar Insurance settled over Two Thousand and Five Hundred million kyat for 50 files of fire insurance that is 90.79% of total cost of claim settlement in 2016-2017FY and over Three Thousand million kyat for 39 files of fire insurance that is also 86.70% of total cost of claim settlement in 2017-2018 FY for nationwide. In 2017, Myanmar Insurance settled claim of 629 million kyat for Ayeyarwaddy Resort & Lodges Co.,Ltd that is located in No. 74, Pyay Road, Dagon township, Yangon Region. It also settled claim of 118.26 million kyat for Forever Winner Ltd that is located in No.16, Phone Gye Street, Lanmadaw township, Yangon Region in 2018. These two cases are the most prominent fire insurance claim cases for Myanmar Insurance in Yangon Region in 2017 and 2018.

Table (3.2)

**Comparison of the Number of Policy Holders with and without Agent
in 2016-2017FY and 2017-2018 FY**

Buying Mode	Number by Fiscal Year	
	2016-2017	2017-2018
By Agent	7036	6627
By Self	1474	1747
Total	8510	8374

Source: Myanma Insurance, 2018

Table (3.3)

Comparison of the Premium Amount paid by Agent and By Self in 2016-2017FY and 2017-2018 FY

Buying Mode	Amount by Fiscal Year (in Kyat)	
	2016-2017	2017-2018
By Agent	8,164,556,000	8,307,834,179
By Self	1,463,929,617	1,463,929,617
Total	9,628,485,617	9,771,763,796

Source: Myanmar Insurance, 2018

3.7 The Role of Agents in Myanmar Insurance Market

The insurance market is one of the most developed markets and most powerful in the world. It is characteristic of this market is that increasing the number of insureds will not affect the reduction or increase of premiums. An insurance policy can be different every time it is received. The service and the add-ons one gets can be different for identical products and the information a consumer gets is greatly influenced by the way in which an insurance broker deals with a customer. There are many offerings and competition can default to price where an insurance broker cannot differentiate themselves. Communicating the service is critical and need to ensure that the distribution of information, including physical contact is in line with consumer needs. As consumers can obtain the same deal from many different brokers or businesses, every touch point becomes important with a service that is intangible. Marketers need to be aware of every process step a consumer goes through and how to deal with it-right from when a consumer starts looking for insurance.

In most insurance transactions, there is an intermediary, usually insurance agent broker, between the buyer and the insurer. In commercial property-casualty insurance markets, the intermediary plays the role of "market maker", helping buyers to identify their coverage risk management needs and matching buyers with appropriate insurances. The process through which buyers are matched with insurers is complex and multidimensional. The role of the intermediary is to scan the market buyers with insurers who have the skill, capacity, risk appetite, and financial strength to underwrite the risk, and then help their client select from competing offers.

In 1968, the socialist Government abolished the Insurance Agency Scheme with a reason of exploitation from the community. It was hurtful to the industry the abridgement between Insurance and public was broken and the awareness creation mechanism was destroyed. Myanmar Insurance reintroduced the Insurance Agency Scheme in 1990-91. Reintroducing the agency scheme, the insurance agents capable of creating the Tri-lateral Relationship between the insurer, Myanmar Insurance, the assured and agent itself. This type of relationship can enhance the dealing of tri-polar interests of the Trio ingredients of insurance. If effecting an insurance through agent reaches to the completion, there can be increased the prosperity of theirs, the insurers can get the premium, the insured have a cover and also the agent can earn the commission for his service for the accomplishment of insurance. But, they all have to observe the duties in accordance with the basic principles of insurance such as utmost good faith. The Majority of agents in Myanmar operate their insurance agency on part-time basis, in association with other business. Contracts arising from his or her profession at the agent in position to introduce business to the insurer. As a rule, agents are not professionals in insurance nor are they expected to be. The scope of the agent's activity and his or her authority is governed by agency agreement.

There are over 1000 individual agents and about 60 organizations acting as agents. Someone who wants to be an agent of Myanmar Insurance can apply to Myanmar Insurance and after attending a brief course on insurance proceedings he would be admitted as an agent. An agent is entitled to get up to 20% the premium he generated as commission and will get 10% for renewals. The license fees for an agent is Ks. 30,000 per year.

3.8 Other Types of Insurance

Apart from life, fire and marine insurance, general insurance companies can insure a variety of other risks through different policies. Some of these risks and the different policies are (a) motor vehicles insurance: insurance of all types of motor vehicles covers the risks of damage of the vehicle by accident or loss by theft, (b) burglary insurance: under this insurance the insurance company undertakes to indemnify the insured against losses from burglary i.e., loss of moveable goods by robbery and theft by breaking the house and (c) fidelity insurance: as a protection against the risks of loss on account of embezzlement or defalcation of cash or

misappropriation of goods by employees, businessmen may get policies issued covering the risks of loss on account of fraud and dishonesty on the part of employees handling cash or in charge of stores. The employees may also be required to sign a fidelity guarantee bond.

CHAPTER 4

ANALYSIS ON THE DETERMINANT FACTORS FOR BUYING DECISION ON FIRE INSURANCE

This chapter describes a detailed presentation of methodology and procedures which have been followed in conducting the study about analyze the determinant factors for buying decision on fire insurance service of Myanmar Insurance. Then, the demographic characteristics of the 115 sampled fire insurance policy holders who live in Yangon and analyses their perception on the determinant factors for buying decision on fire insurance service of Myanmar Insurance are describes based on the survey data collected by delivering questionnaires to and collecting from policy holders. Results of data analysis are calculated on the study 115 sample have been explained, then the results were analyzed and discussed in order to assess their perception on the determinant factors for buying decision on fire insurance service of Myanmar Insurance.

4.1 Research Design

This section describes a detailed presentation of methodology and procedures which have been followed in conducting the study about analyze the determinant factors for buying decision on fire insurance service of Myanmar Insurance. Analytical descriptive method has been used to sustain quantitative measurement and analysis. Data has been collected through structured questionnaire as a main tool for the study. The structured questionnaire has been designed especially for this study and contains three parts. First part of the questionnaires is the primary information about the demographic specifications of the sampled individuals. Second part is descried some questions regarding the practices of policy holders of Myanmar Insurance and the last part describes the 35 statements regarding to the determinant factors for buying decision on fire insurance service of Myanmar Insurance. This part have seven dimensions of Marketing Mix-7Ps which are Products features, Price, Promotion, Place, People, Process and Physical Evidence. Every question has five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree). (See Appendix B)

The study's sample has been selected by simple random sampling (SRS). Primary data is collected by delivering the questions to the random policy holders through selected agents. The questionnaires have been collected within one month with a response rate of (82%).

In order to be able to select the appropriate method of analysis, the level of measurement must be understood. For each type of measurement, there is an appropriate method that can be applied. In this study, ordinal scales were used. Ordinal scale is a ranking or a rating data that normally uses integers in ascending or descending order.

4.2 Demographic Characteristics of Respondents

This section presents the profiles of selected the 115 sampled fire insurance policy holders out of 1474 in Yangon in 2017-2018 FY who are the customers of fire insurance service of Myanmar Insurance. The profiles cover the gender, age, marital status, education, occupation level of income. All the data obtained from the questionnaires collected are interpreted and summarized in average, frequency distribution and percentage distribution. The frequency analysis of respondents' demographic data is illustrated in pie chart and bar chart in this chapter while the table of frequency counts, percentages and cumulative percentages of these data can be found details.

(a) Respondents by Gender

In Table (4.1) the gender of respondents is describe. As shown in this Table, the gender consists of 42 (36.5%) males and 73 (63.5%) females. This clearly confirms that the number of female respondent is more than that of male respondents.

Table (4.1)
Number of Respondents by Gender

No.	Gender	No. of Respondents	Percentage
1.	Male	42	36.5
2.	Female	73	63.5
	Total	115	100.0

Source: Survey data, 2018

(b) Respondents by Marital Status

In Table (4.2) marital status of respondents is shown. Marital status is divided into two categories; single and married.

Table (4.2)

Number of Respondents by Marital Status

No.	Marital Status	No. of Respondents	Percentage
1.	Single	41	35.7
2.	Married	74	64.3
	Total	115	100.0

Source: Survey data, 2018

According to the Table (4.2) and Figure (4.2), 41(35.7%) of respondents are single and 74 (64.3%) of that are married. So the number of married is more than that of single.

(c) Respondents by Age

Table (4.3) reflects the distribution of age of respondents. The respondents are distributed into four groups that they are 18-30, 31-40, 41-50 and Above 50 years.

Table (4.3)

Number of Respondents by Age

No.	Age Group	No. of Respondents	Percentage
1.	18 to 30	20	17.4
2.	31 to 40	41	35.7
3.	41 to 50	26	22.6
4.	above 50	28	24.3
	Total	115	100.0

Source: Survey data, 2018

According to the above Table and figure, 41 (35.7%) respondents fall in the age group of 31 years to 40 years, that of 28 respondents fall in above 50 years, after that, 26 respondents and 20 respondents show that their ages are in 41 years to 50 years and 18 years to 30 years. It means that most of the respondents are adult who are in middle-age and older.

(d) Respondents by Education level

In Table (4.4) the education level of respondents is present. The respondents are distributed into four groups that they are High School, Graduate, Post graduate, Master and other.

Table (4.4)
Number of Respondents by Education Level

No.	Educational level	No. of Respondents	Percentage
1.	High School	0	0
2.	Graduate	81	70.4
3.	Post Graduate	12	10.4
4.	Master	21	18.3
5.	Other	1	.9
	Total	115	100.0

Source: Survey data, 2018.

Most of the respondents are graduate as 81 (70.4%) out of 115 (100%) represent graduate. 21 (18.3%) respondents hold Master degree and 12(10.4%) are in post graduate level.

(e) Respondents by Occupation

In Table (4.5), the occupation of respondents is shown. The occupation of respondents are distributed into four groups that they are Self-employed, Company staff, government, NGO / INGO staff and Dependent.

Table (4.5)
Number of Respondents by Occupation

No.	Occupation	No. of Respondents	Percentage
1.	Self-employed	40	34.8
2.	Company staff	47	40.9
3.	Government	19	16.5
4.	NGO / INGO staff	5	4.3
5.	Dependent	4	3.5
	Total	115	100.0

Source: Survey data, 2018

Most of the respondents are Self-employed, 40 (34.8%) and Company staffs, 47(40.9%). 19 (16.5 %) respondents are employed in government sectors as shown in Table (4.5).

(f) Respondents by Income per annum

The respondents are distributed into four income groups that they are “Less than 10 lakhs”, “10 lakhs - 20 lakhs”, “20 lakhs – 40 lakhs”, “40 lakhs - 60 lakhs” and “Above 60 lakhs”. The results are shown in Table (4.6).

**Table (4.6)
Number of Respondents by Income per annum**

No.	Income group (lakhs)	No. of Respondents	Percentage
1.	Less than 10	17	14.8
2.	10 - 20	13	11.3
3.	20 - 40	16	13.9
4.	40- 60	32	27.8
5.	Above 60 lakhs	37	32.2
	Total	115	100.0

Source: Survey data, 2018

According to the results as shown in the above Table, 37 (32.2%) of respondents fall into the income group of 60 lakhs per annum. On the other hand, 13(11.332%) of respondents fall into the income group of 10 lakhs - 20 lakhs per annum. In the second highest income group of 40 lakhs - 60 lakhs per annum, there are 32 (27.8%) respondents. Then, 16 (13.9%) respondents and 13(11.3%) respondents fall into the income group of 20 lakhs – 40 lakhs and 10 lakhs - 20 lakhs respectively. So most of the respondents have enough income to buy the fire insurance policy at Myanma Insurance.

4.3 Fire Insurance Knowledge and Information of Respondents

This section examines how fire insurance insured have thoughts and habits using fire insurance of Myanma Insurance. The questions here cover the awareness status and knowledge about fire insurance, information sources, the most influential people on buying decision, the type of properties, the purpose of holding fire insurance, past and current buying status, in which year the respondents started to buy

fire insurance, the channel the respondents use to get fire insurance services and intentional use of the existing policy holding in the future.

(a) Fire Insurance Knowledge

For the examination question about how the respondents know about fire insurance products in Myanmar, 100 (87%) respondents’ response “yes” that means they have knowledge about fire insurance products in Myanmar as shown in Table (4.7).

Table (4.7)
Knowledge about Fire Insurance Products in Myanmar

No.	Products	No. of Respondents	Percentage
1.	Yes	100	87.0
2.	No	6	5.2
3.	May be	9	7.8
	Total	115	100.0

Source: Survey data, 2018

(b) Information Sources

Table (4.8)
Information Sources that the Respondents Aware of Fire Insurance Policies

No.	Information sources	Customer awareness	Percentage
1.	Newspapers	15	12.9
2.	Radio	2	1.7
3.	Agents	34	29.3
4.	Social Media	59	50.9
5.	Friends	55	47.4
	Televisions	15	12.9

Source: Survey data, 2018

Above table (4.8) shows respondents of aware of fire insurance policies. Regarding to the question examining from which information sources the respondents aware the fire insurance policies, most of the respondents aware the fire insurance policies through the social media, 59 (50.9%) and friends, 55 (47.4%). The third most

information channel is through agents that represent 34 (29.3%) as shown in Table (4.8).

(c) An Influence on Buying Decision

Regarding buying decision, one of the social factors was examined as an determinant factor. The respondents answered friends and family members are the most influential people on their buying decisions. Family members (52, 45%) are more influence than friends (39, 33.9%). The influential degree of colleague and relatives are balanced on their decisions because the respondents answered equally on both (12, 10.4%) as shown in Table (4.9).

Table (4.9)

The People Who Influence on Buying Decision

N0.	Influence of Buying Decision	No. of Respondents	Percentage
1.	Friends	39	33.9
2.	Family members	52	45.2
3.	Colleague	12	10.4
4.	Relatives	12	10.4
	Total	115	100.0

Source: Survey data, 2018

(d) Types of Properties Insured

The study found that house, 67 (57.8%), and apartments, 38 (32.8%), are the properties for that the most respondents hold fire insurance policy. Office building, 12 (10.3%), is the third property that some of the respondents hold fire insurance policy as shown in Table (4.10).

Table (4.10)

The Type of Properties for that the Respondents Hold Fire Insurance Policy

N0.	Types of Properties	No. of Respondents	Percentage
1.	House	67	57.8
2.	Apartment	38	32.8
3.	Hotel	3	2.6
4.	Office building	12	10.3
5.	Warehouse	5	4.3

Source: Survey data, 2018

(e) The Purpose of Holding Fire Insurance

Regarding the purpose of holding fire insurance, 68 respondents answered to protect financial loss that represent 59.1 % out of 100%. Another 17 respondents answered to stay without worriedness and the rest, 30 respondents answered for both purposes that represents 14.8% out of 100% and 26.1% out of 100% respectively as shown in Table (4.11).

Table (4.11)

The Purpose of Holding Fire Insurance

N0.	Category	No. of Respondents	Percentage
1.	To protect financial loss	68	59.1
2.	To stay without worriedness	17	14.8
3.	For both	30	26.1
	Total	115	100.0

Source: Survey data, 2018

(f) Past Buying Experienced

Regarding past buying status of respondents, 75 respondents answered “yes” that represent 65.2 % out of 100%. Another 40 respondents answered “no” that represents 34.8% out of 100% as shown in Table (4.12). It means that these 40 respondents started to use the policy very recently.

Table (4.12)**Past Buying Status of Respondents**

No.	Buying Status	No. of Respondents	Percentage
1.	Yes	75	65.2
2.	No	40	34.8
	Total	115	100.0

Source: Survey data, 2018

(g) The Year the Respondents Started to Use the Fire Insurance Policy

Regarding the year the respondents started to use the fire insurance policy, 47 respondents answered “in 2017- 2018” that represent 40.9 % out of 100%. Another 26 respondents answered “in 2016-2017” that represents 22.6% out of 100% as shown in Table (4.13). The same number, 21 (18.3%), is found in the time bound of “in 2014 – 2015” as well as “in 2015 – 2016”.

Table (4.13)**(h) Distribution of years the respondents started to use the fire insurance policy**

No.	Years	Years of Experience	No. of Respondents	Percentage
1.	2014 - 2015	4	21	18.3
2.	2015-2016	3	21	18.3
3.	2016-2017	2	26	22.6
4.	2017-2018	1	47	40.9
	Total		115	100.0

Source: Survey data, 2018

(i) The Channels the Respondents Used

Regarding the channel the respondents use to get fire insurance services, 80 respondents chose the channel through the agents that represent 69.6 % out of 100%. Another 35 respondents went to the office by themselves that represents 30.4% out of 100% as shown in Table (4.14).

Table (4.14)

Distribution of Channels the Respondents Use to get Fire Insurance Services

No.	Channels	No. of Respondents	Percentage
1.	By self	35	30.4
2.	By agents	80	69.6
3.	Total	115	100.0

Source: Survey data, 2018

(j) Intentional Used in the Future

Regarding the intentional use of the existing policy holding in the future, 90 respondents answered “Sure” that represent 90 % out of 100%. Another 25 respondents answered “Not Sure” that represents 21.7% out of 100% as shown in Table (4.15).

Table (4.15)

(k) Intentional Use of the Existing Policy Holding in the Future

No.	Category	No. of Respondents	Percentage
1.	Sure	90	78.3
2.	Not Sure	25	21.7
3.	Total	115	100.0

Source: Survey data, 2018

4.4 Determinant Factors on Buying Decision

The determinant factor related with marketing Mix7Ps (products, price place, promotion, people, process, and physical evidence are) identified and assessed with questionnaire. Every question has five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree). The respondents have to give point 1 for strongly disagree, point 2 for disagree, point 3 for neutral, point 4 for agree and point 5 for strongly agree by concerting with each of the stated statements.

(a) Determinant Fctor as Products

Regarding the product features, the study carefully selected coverage of loss or damage, additional covers, after sale service and customer service, policy terms and

conditions as the features of the fire insurance product. Table (4.16) shows the product related influencing factors on insured perception of sample 115 respondents.

Table (4.16)
Determinant Factor as Products

No	Statement	Mean	Standard Deviation
1	It can cover the properties owned by insurers against the loss or damage due to the fire and allied perils.	3.64	.740
2	After sales service is attractive	3.60	.711
3	Customer service is effective	3.40	.781
4	The insurance period ranges from 10 days to one year.	3.52	.742
5	Additional covers can be purchased together with the fire insurance.	3.64	.728
6	policy terms and conditions easy to understand	3.64	.740
Overall Mean		3.57	

Source: Survey data, 2018

According to the Table (4.16), 3 mean scores (3.64) relating to the components of coverage of loss or damage due to the fire and allied perils, additional covers availability and easy understandable of policy terms and conditions are the same. The least score is in after sales service said 3.52. The overall mean score of the product features is strong that represents as 3.57.

(b) Determinant Factor as Price

Regarding the price, the dimensions covers upon how the policy holders perceive on premium fees, premium calculation, penalty fees, and availability of rewards or discounts. Table (4.17) shows the price related influencing factors on insured perception of sample 115 respondents.

Table (4.17)
Determinant Factor as Price

No	Statement	Mean	Standard Deviation
1	Premium fees is reasonable that is the one of the important factor for customers	3.64	.665
2	The premium calculation is easy to understand and fair for policy holders	3.59	.700
3	Penalty fees for late payment of premium is reasonable	3.34	.760
4	Customers can enjoy (25%) discount that is the award of compensation due	3.57	.762
Overall Mean		3.53	

Source: Primary data, 2018

According to the Table (4.17), the highest mean score is 3.64 that is on the insured perception of premium fees. The least score is in the perception of penalty fees for late payment of premium is reasonable that said 3.34. The overall mean score of the price is strong enough that represents as 3.53. But it is slightly lower than the mean score of product features.

(c) Determinant Factor as Promotion

Regarding the promotion, the dimensions covers upon all possible promotional channel from which the policy holders aware the product and service information. Table (4.18) shows the promotion related influencing factors on insured perception of sample 115 respondents.

According to the Table (4.18), the highest mean score is found on that Myanmar Insurance is state-owned enterprise and it represents 3.63. The mean score on the insured's perception on Billboard/Social Media advertisements is second largest that represents 3.53. The mean score on the insured's perception on Newspaper/Journal advertisements is third largest that represents 3.52 and the lowest mean score is found on the insured's perception on Reputation of Myanmar Insurance and it represents 3.47. The overall mean score is still strong enough that shows 3.55. It is higher than the overall mean score of price and slightly lower than that of product features.

Table (4.18)
Determinant Factor as Promotion

No	Statement	Mean	Standard Deviation
1	Newspaper/Journal advertisements are attractive	3.52	.831
2	Billboard/Social Media advertisements is appealed	3.62	.756
3	Myanma Insurance is state-owned enterprise which is a strong point to attract customers	3.63	.755
4	Products information, benefits and reviews can easily be found on their own website	3.53	.776
5	Reputation of Myanma Insurance is strong enough to attract their customers	3.47	.798
Overall Mean		3.55	

Source: Survey data, 2018

(d) Determinant Factor as Place

Regarding the place, the dimensions covers upon the factors, Located in downtown/ easy to reach, convenient car parking, having many branches and Agents availability. Table (4.19) shows the price related influencing factors on insured perception of sample 115 respondents.

According to the Table (4.19), the highest mean score is found on Agents availability that represents 3.66. The second highest mean score is found on having many branches that represents 3.63. The lowest mean score is 3.33 that is on the perception of insured on having convenient car parking. The overall mean score is still strong enough that represents 3.55. It is the same as the overall mean score of promotion.

Table (4.19)**Determinant Factor as Place**

No	Statement	Mean	Standard Deviation
1	Located in downtown/ easy to reach (convenient location	3.58	.713
2	Convenient car parking for all customers	3.33	.758
3	Many branches have situated across country	3.63	.705
4	Agents are easily available	3.66	.661
Overall Mean		3.55	

Source: Survey data, 2018

(e) Determinant Factor as People**Table (4.20)****Determinant Factor as People**

No	Statement	Mean	Standard Deviation
1	The behavior of staffs/agents instills confidence in you	3.52	.787
2	Knowledge of Myanmar Insurance's staffs and agents have sufficient enough to explain about the policy of fire insurance to customer	3.53	.787
3	Professionalism and credibility of staff/agents	3.53	.765
4	Willingness to help the policy holders	3.43	.839
5	Staffs/Agents deal with customers politely and friendly	3.50	.788
6	Staffs/agents are neat and well-dressed	3.54	.764
Overall Mean		4.1	

Source: Survey data, 2018

Regarding the people, the dimensions cover upon the factors, the insured's perception on both of agents and staffs of Myanmar Insurance. Table (4.20) shows the people related influencing factors on insured perception of sample 115 respondents.

According to the Table (4.20), the highest mean score is found on the factor that Staffs/agents are neat and well-dressed and represents 3.54. The second highest mean score of 3.53 is found on both factors of Knowledge of Myanmar Insurance's

staffs and agents and their Professionalism and credibility. The lowest mean score is 3.43 that is on the perception of insured on Willingness to help the policy holders. The overall mean score is still strong enough that represents 4.1. It is the highest score compared to the previous mean scores.

(f) Determinant Factor as Process

Regarding the process, the dimensions cover upon the factors: the insured’s perception on operation hours; understandability of Policy assignment; Complaint handling; Claim settlement and convenience of premium paying mode of Myanma Insurance. Table (4.21) shows the process related influencing factors on insured perception of sample 115 respondents.

Table (4.21)
Determinant Factor as Process

No	Statement	Mean	Std. Deviation
1	The operation hours is convenient to all customer	3.48	.799
2	Policy assignment is easy	3.63	.694
3	Complaint handling/grievance redressal is prompt	3.57	.774
4	Claim settlement is prompt.	3.59	.724
5	Premium paying mode (monthly, quarterly, yearly) is also one of the considerable factors	3.48	.799
Overall Mean		3.55	

Source: Survey data, 2018

According to the Table (4.21), the highest mean score is found on the factor that Policy assignment is easy and represents 3.63. The second highest mean score of 3.59 is found on the factor of Claim settlement of Myanma Insurance. The lowest mean score is 3.48 that is found on the perception of insured on both factors of operation hours and premium paying mode. The overall mean score is still strong enough that represents 3.55. It is the same as the overall mean score of promotion and place.

(g) Determinant Factor as Physical Evidence

Regarding to the physical evidence, the dimensions cover upon the factors, the insured’s perception on Office building, office furnitures, its own website, Brochures and Policy proposal forms/Policy handbooks of Myanma Insurance. Table (4.22)

shows the process related influencing factors on insured perception of sample 115 respondents.

Table (4.22)
Determinant Factor as Physical Evidence

No	Statement	Mean	Standard Deviation
1	Office building of Myanmar Insurance is big and wide enough	3.43	.762
2	Myanmar Insurance has modernized office furnitures	3.41	.724
3	Myanmar Insurance has own website providing necessary information of policies and products for customers	3.58	.725
4	Brochures are clearly stated and attractive	3.40	.793
5	Policy proposal forms/Policy handbooks are clearly stated and easy to understand	3.64	.638
Overall Mean		3.49	

Source: Survey data, 2018

According to the Table (4.22), the highest mean score is found on the factor that Policy proposal forms/Policy handbooks are clearly stated and easy to understand and represents 3.64. The second highest mean score of 3.58 is found on the factor of own website of Myanmar Insurance. The lowest mean score is 3.40 that is found on the perception of insured on factor of Brochures are clearly stated and attractive. The overall mean score is still strong enough that represents 3.49. It is the lowest mean score compared to the mean score of previous mean scores.

4.5 Overall Marketing Mix Factors that Effect on Buying Decision of Insured

The study summarized the overall Marketing Mix factors that effect on buying decision of insured in the following Table, Table (4.23). The highest mean score is 4.1 that is on the people factors and the lowest mean score is 3.49 that is on Physical Evidence factors. The second largest score is 3.57 that is on product factors. The same mean score, 3.55, is found on both Promotion factors and Place factors. The fourth largest mean score is 3.55 that is found on Process factors and the fifth largest mean score, 3.53, is found on Price factors.

Table (4.23)

Overall Marketing Mix Factors that Effect on Buying Decision of Insured

No.	Marketing Mix factors	Mean	Ranks
1	Product factors	3.57	2
2	Price factors	3.53	4
3	Promotion factors	3.55	3
4	Place factors	3.55	3
5	People factors	4.1	1
6	Process factors	3.55	3
7	Physical Evidence factors	3.49	5
	Overall Mean	3.62	

Source: Survey data, 2018

CHAPTER 5

CONCLUSION

In this chapter, findings that are according to analysis in chapter 4 and whether they can support the objectives of the study or not; suggesting that is mainly for the study area, Myanmar Insurance, based on the findings and related literatures; and then needs for future research that is based on the scope and limitation of the study, are described.

5.1 Findings

Organizational structure of Myanmar Insurance is organized into six main departments. Myanmar Insurance started as a life insurer but later it underwrites both life and non-life insurance, up to 24 kinds of policies. Fire, Engineering and Miscellaneous Department under Myanmar Insurance is the main department which is responsible all the cases of fire insurance policy. The 9 different kinds of additional covers can be purchased together with the fire insurance. The number of fire insurance policy holders grows slightly in 2017-2018 FY compared with the same period of 2016-2017 FY. In 2017-2018 FY, the number of fire insurance policy holders and the premium amount through the agents are higher than that by self, compared with the same period of 2016-2017 FY.

Regarding claim settlement of fire insurance, Myanmar Insurance settled over Two Thousand and Five Hundred million kyat for 50 files of fire insurance that is 90.79% of total cost of claim settlement in 2016-2017FY and over Three Thousand million kyat for 39 files of fire insurance that is also 86.70% of total cost of claim settlement in 2017-2018 FY for nationwide. In Yangon Region, claim settlement for Ayeyarwaddy Resort & Lodges Co., Ltd in 2017 and that for Forever Winner Ltd and in 2018, are two most prominent fire insurance claim cases for Myanmar Insurance.

According to demographic characteristics of respondents, the study found some important characteristics as follows. Most of the respondents are graduate, some respondents hold Master degree and others are in post graduate level. Most of the respondents are Self-employed and Company staffs. A few respondents are employed in government sectors. According to income distribution per annum, most of the

respondents are in high income group and, the rests are in the middle-income and low-income group.

The determinant factors related with products, price place, promotion, people, process, and physical evidence are analyzed in this study. Regarding product factors, overall factors can determine customer buying decision. The respondents see positively on coverage of loss or damage due to the fire and allied perils, additional covers availability and easy understandable of policy terms and conditions are the same, but they concern a little on the customer service of Myanmar Insurance. Regarding price factors, overall factors can determine customer buying decision, but the degree of determine is lower than that of product factors upon customer buying decision. Most customer responses positively on premium fees but a few of them see less positive on penalty fees for late payment of premium among the price factors. Regarding promotion factors, overall factors can determine customer buying decision, but the degree of determine is higher than that of price factors but slightly lower than that of product features.

Regarding place factor, overall factors can determine customer buying decision, but the degree of determine is as the same as that of promotion factors. The study found that most customers' responses are positive on Agents availability but a few of them response less positive on having convenient car parking. Regarding people factor, overall factors can highly determine customer buying decision as the customers response highest positive on the factor of that Staffs/agents are neat and well-dressed and on both factors of Knowledge of Myanmar Insurance's staffs and; agents and their Professionalism and credibility, but they response least positive on the factor of that Willingness to help the policy holders among people factors. Regarding process factor, overall factors can determine customer buying decision but the extent of determine is as the same as that of promotion and place factors. Most respondents revealed that Policy assignment is easy. A few of them described that they do not satisfy enough on operation hours and premium paying mode of Myanmar Insurance. Regarding physical evidence, overall factors can determine customer buying decision but the extent of determine is lowest among 7Ps factors. Most respondent responded that they enjoy with the factors, Policy proposal forms/Policy handbooks are clearly stated and easy to understand. But they do not satisfy enough on the factor, Brochures are clearly stated and attractive. Regarding the intentional use of the

existing policy holding in the future, most respondents revealed that they are “Sure” to use the existing fire insurance policy in the future.

5.2 Suggestions

According to the analysis and findings, Myanmar Insurance should focus on the social media, agents and friends as the channel of product promotion. It should continue to maintain its brand image like the status of state-owned enterprise and its reputation to extend the customer base and to retain the existing customers. They need to review on its pricing of penalty fees for late payment of premium, not having convenient car parking, motivation to the willingness of agents and staffs to help the policy holders, operation hours and premium paying mode. Regarding to premium paying mode, Myanmar Insurance should take account the innovative ways like payment through mobile applications or internet websites connected with internet other than the conventional ways of using bank branches or by self. It should also look at the existing design, colour and text used in its Brochures and change according to what customer wants or what the competitors developed their brochures in what forms. It has the old and loyal customers who already has have fire insurance in last 4 years so that it needs to retain them not to switch to other competitors by reviewing on their post purchase behaviors. It means in what extent they are satisfied or not satisfied on current buying products.

5.3 Needs for Further Study

According to the limitation, this study can examine the sample size of 115 respondents who live in Yangon and current customers of Myanmar Insurance in last four years. The study could not make competitors analysis that is vital in marketing and it is also important factor for the insurance industry. The study also chose the narrow scope of study area, Yangon, geographically. So using larger sample size, lager study area along with competitors analysis of other key players in the market is strongly suggested for future research to see more clear pictures of the role of Myanmar Insurance in competitive market environment.

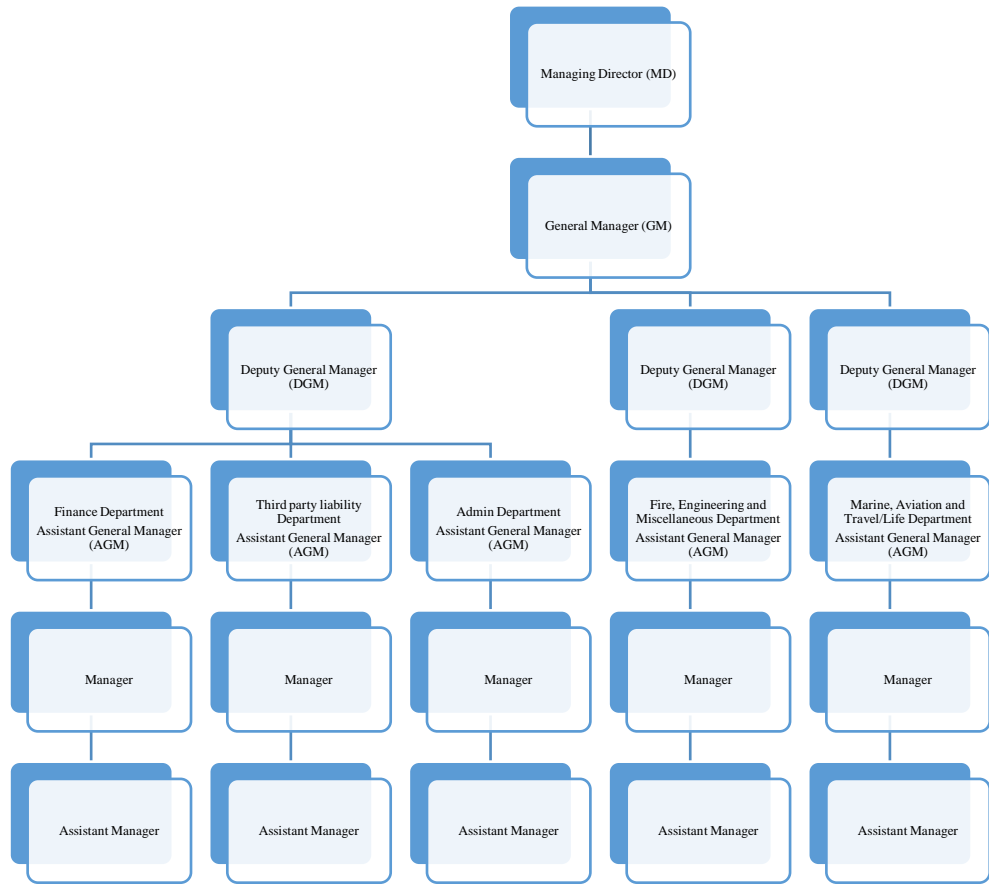
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APPENDIX (A)
ORGANIZATION CHART OF MYANMA INSURANCE



Source: Myanmar Insurance (2018)

APPENDIX (B)

Determinant factors on buying decision of fire insurance in Myanmar Insurance in Yangon

Personal data

1. What gender are you?
 - Male
 - Female
2. Which of the following indicate your age?
 - 18 to 30
 - 31 to 40
 - 41 to 50
 - above 50
3. What is your current marital status?
 - Single
 - Married
4. What is your educational level?
 - high school
 - graduate
 - post graduate
 - Master
 - Other.....
5. What is your occupation level?
 - Self/Own business
 - Company staff
 - government
 - NGO / INGO staff
 - Dependent
 - Other
6. What is your Annual family income level (Kyats)?
 - Less than K 1,000,000
 - K 1000001 - K2,000,000
 - K 2,000,001- K 4,000,000
 - K 4,000,001 - K 6,000,000
 - Above 6,000,000

Consumer Behaviors

7. Do you know about fire insurance products in Myanmar?
 - Yes
 - No
 - May be
8. If yes, from which sources do you aware of fire insurance policies?
 - Newspapers
 - Televisionradios
 - Agents
 - Socialmedia
 - Friends
 - Other channels
9. Which one is most influential on your buying decision?
 - Friends
 - Family members
 - Colleges
 - Relatives
10. For which properties you hold fire insurance policy?
 - House
 - Apartment
 - Hotels
 - Office Building
 - Warehouse
 - Other
11. What is the purpose of holding fire insurance?
 - To protect financial loss
 - To stay without worriedness
 - For both
12. Have you ever bought fire insurance before?
 - Yes
 - No
13. When did you buy fire insurance?
 - in 2014 - 2015
 - in 2015-2016

○ in 2016-2017

○ in 2017-2018

14. How do you get fire insurance services?

○ By self

○ By agents

15. Do you have fire insurance policy still alive?

○ Yes

○ No

16. Will you sustain the existing policy holding in the future?

○ Yes sure

○ Not sure

17. Determinant Factors on Buying Decision (Marketing Mix-7Ps)

(a) Determinant Factor as Product

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	It can cover the properties owned by insurers against the loss or damage due to the fire and allied perils.					
2	After sales service is attractive					
3	Customer service is effective					
4	The insurance period ranges from 10 days to one year.					
5	Additional covers can be purchased together with the fire insurance.					
6.	policy terms and conditions easy to understand					

(b) Determinant Factor as Price

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Premium fees is reasonable that is the one of the important factor for customers					
2	The premium calculation is easy to understand and fair for policy holders					
3	Penalty fees for late payment of premium is reasonable					
4	Customers can enjoy (25%) discount that is the award of compensation due					

(c) Determinant Factor as Promotion Factors

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Newspaper/Journal advertisements are attractive					
2	Billboard/Social Media advertisements is appealed					
3	Myanma Insurance is state-owned enterprise which is a strong point to attract customers					

4	Products information, benefits and reviews can easily be found on their own website					
5	Reputation of Myanmar Insurance is strong enough to attract their customers					

(d) Determinant Factor as Place Factor

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Located in downtown/ easy to reach (convenient location					
2	Convenient car parking for all customers					
3	Many branches have situated across country					
4	Agents are easily available					

(e) Determinant Factor as People Factor

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	The behavior of staffs/agents instills confidence in you					
2	Knowledge of Myanmar Insurance's staffs and agents have sufficient enough to explain about the policy of fire insurance to customer					
3	Professionalism and credibility of staff/agents					
4	Willingness to help the policy holders					
5	Staffs/Agents deal with customers politely and friendly					
6	Staffs/agents are neat and well-dressed					

(f) Determinant Factor as Process

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	The operation hours is convenient to all customer					
2	Policy assignment is easy					
3	Complaint handling/grievance redressal is prompt					
4	Claim settlement is prompt.					
5	Premium paying mode (monthly, quarterly, yearly) is also one of the considerable factors					

(g) Determinant Factor as Physical Evidence

No	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Office building of Myanmar Insurance is big and wide enough					
2	Myanmar Insurance has modernized office furnitures					
3	Myanmar Insurance has own website providing necessary information of policies and products for customers					
4	Brochures/ are clearly stated and attractive					
5	Policy proposal forms/Policy handbooks are clearly stated and easy to understand					