

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME(MBF)**

**CUSTOMER BUYING DECISION
ON FIRE INSURANCE POLICY OF GRAND GUARDIAN
INSURANCE (GGI)**

**SWE SWE KYAW ZIN
MBF 5th BATCH**

DECEMBER, 2019

CUSTOMER BUYING DECISION ON FIRE INSURANCE POLICY OF GRAND GUARDIAN INSURANCE (GGI)

A thesis submitted as a partial fulfillment towards the requirements for the
degree of Master of Banking and Finance (MBF)

Supervised by:

Submitted by:

Daw Yee Yee Thein
Associate Professor
Department of Commerce
Yangon University of Economics

Swe Swe Kyaw Zin
Roll No. 60
MBF 5th Batch
2016-2019

DECEMBER, 2019

ABSTRACT

This study intends to identify the insurance practices of Grand Guardian Insurance (GGI) and to analyze influencing factors of customers' buying decision in fire insurance policies from GGI. To achieve those objectives, primary data were collected by interviewing with 59 respondents who bought fire insurance policies from Grand Guardian Insurance during the period of 2018 through 2019, through the use of structured Five-point Likert scale questionnaires. After that, data were analyzed to determine the influencing factors of customer buying decision on fire insurance of Grand Guardian Insurance (GGI). The focus of the study is on the buyer's characteristics of the black box - buyer's mind or internal factors - of the consumer behavior black box model. Buyer's characteristics include cultural, social, personal and psychological factors. Black box model indicates, a consumer's buying behavior is influenced by cultural, social, personal, and psychological factors. The study found that among those factors, the most influencing factor on consumer buying decision of fire insurance is psychological factors. The second influencing factor is social factors and then cultural factors and personal factors respectively. Although these factors are ranked, all of those factors are the Influencing Factors on Consumer Buying Decision of fire insurance. In conclusion, Grand Guardian Insurance should continue to maintain its brand image as one of the top insurance company in Myanmar and its reputation to extend the customer base and to retain the existing customers.

ACKNOWLEDGEMENTS

First and foremost, I would like to express my deep sense of gratitude to Professor, Dr. Tin Win (Rector, Yangon University of Economics) for giving me a great chance to study at the Master of Banking and Finance (MBF) Courses.

I would like to extend my special thanks to Professor Dr. Daw Soe Thu, Programme Director, Head of Department, Department of Commerce, Yangon University of Economics for her monitoring and close guidance to enable me to complete this paper.

I wish to express my sincere gratitude to my advisor as well as my supervisor Associate Professor Daw Yee Yee Thein for her invaluable and constant supervision, inspiring guidance, constructive suggestion and unfailing interest throughout my studies, from the inception of this work right up to its completion of this study and for her very helpful comments on it.

Furthermore, I would like to express my real thanks to chief operating officer at GGI who is responsible for overseeing fire insurance services and marketing executive at GGI who is responsible for marketing aspect of the insurance policies who help me to get necessary data and primary data for my study needed.

Finally, I have great pleasure in acknowledging my gratitude to my colleagues who have been so helpful and cooperative in giving their support at all times to help me achieve my goal.

TABLE OF CONTENTS

	Page
ABSTRACT	i
KNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	v
LIST OF FIGURES	vi
CHAPTER I	INTRODUCTION
1.1	Rationale of the Study 2
1.2	Objectives of the Study 4
1.3	Scope and Method of the Study 4
1.4	Organization of the Study 5
CHAPTER II	THEORETICAL BACKGROUND
2.1	Definition of Insurance 6
2.2	Importance of Insurance 7
2.3	Concept of Fire Insurance 7
2.4	Fire Insurance in Myanmar 8
2.5	Understanding Consumer Behavior 9
2.6	Review of Literature 15
2.7	Conceptual Framework of the Study 16
CHAPTER III	PROFILE OF GRAND GUARDIAN INSURANCE
3.1	The Impact of Insurance on Society 18
3.2	Profile Of Grand Guardian Insurance 18
3.3	Key Challenges for Grand Guardian Insurance 21
3.4	Services of Grand Guardian Insurance 21

CHAPTER IV	ANALYSIS ON CUSTOMER BUYING DECISION OF FIRE INSURANCE POLICY IN GRAND GUARDIAN INSURANCE	
4.1	Demographic Characteristics of Respondents	36
4.2	Fire Insurance Knowledge and Information of Respondents	39
4.3	Customer Buying Decision towards Fire Insurance Policy	42
4.4	Comparison of overall characteristics on Consumer Buying Decision	46
CHAPTER V	CONCLUSION	
5.1	Findings and Discussion	47
5.2	Recommendation	48
5.3	Limitation and Needs for Further Studies	49
REFERENCES		
APPENDIX		

LIST OF TABLES

Table No.	Particular	Page
2.1	Local Insurance Companies in Myanmar	9
3.1	Bonus Scheme for fire Insurance policy holders	29
4.1	Respondents by Gender	37
4.2	Respondents by Age	38
4.3	Respondents by Marital Status	39
4.4	Respondents by Education Level	39
4.5	Respondents by Occupation	40
4.6	Respondents by Annual Income	40
4.7	Respondents' Knowledge about Fire Insurance Products	41
4.8	Types of Properties that Respondents insured	42
4.9	Past Insurance Experience of Respondents	42
4.10	Sources of Information that make Respondents Aware of Fire Insurance	43
4.11	Cultural Factors	44
4.12	Social Factors	45
4.13	Personal Factors	46
4.14	Psychological Factors	47
4.15	Overall consumer characteristics	48

LIST OF FIGURES

Figure No.	Particular	Page
2.1	The Stimulus-Response Model	11
2.2	Conceptual Framework of The Study	17

CHAPTER (1)

INTRODUCTION

One cannot dispute the importance of insurance in both developed and developing countries. Insurance enables individuals, businesses and organizations to safeguard themselves from risks such as natural disasters, accidents or unfavorable events. Besides minimizing losses, insurance helps in industrial development as the premium which is collected is utilized for the economic development of the country. The existence of a sound insurance industry is an essential component of any successful economy and the proof of this can be seen in many parts of the world.

The Insurance sector in Myanmar dates back to before Burma's independence from the British Rule. During that time, a large number of local and foreign insurance companies operated in the country. Fast forward to 1950, the Government involved in the insurance businesses by enacting Union of Insurance Board Law. After Burma National Insurance (BNI) had been nationalized, Union of Insurance Board was founded on the 1st March, 1952, which became Myanma Insurance Corporation (MIC) in 1976 after enacting Insurance Business Law of 1975 (Pyithu Hluttaw LawNo.10) and underwrote insurance business widely.

Regarding the legal framework, Insurance Business Law was enacted in 1996 and subsequently its rules were also issued in 1997. The Rules are not a parliamentary act, but rather a notification from the Ministry of Planning and Finance; it is straightforward to amend them.

In order to regulate and supervise insurance industry, Insurance Business Regulatory Board (IBRB) was organized in 2011 chaired by Deputy Minister of Ministry of Planning and Finance and Financial Regulatory Department (FRD) has taken the role of secretariat. IBRB is responsible for licensing insurers, underwriting agents, and insurance brokers. Until 2012, State-Owned Myanma Insurance was the sole insurer in Myanmar.

Myanmar's insurance industry began the transition from a centrally controlled operation to something closer to a free market in late 2013, when IBRB invited insurance license applications from private insurance companies as part of the

financial sector reforms to diversify the provision of insurance services and to modernize the sector.

Therefore, starting from 2013, 11 private local insurance companies have been granted licenses to do insurance business. Currently, state-owned Myanmar Insurance Enterprise and 11 local private insurance companies; altogether 12 insurance companies have been in operation, of which 4 of them specifically underwrite the life insurance. The rest 8 companies underwrite composite insurance both life and non-life insurance. Customers have more options than ever before and they want the products and services fast, cheap and quick from whoever will provide them. That means that the competitive advantage is one's ability to keep customers and build repeat business.

This study will focus on the influencing factors of customers' decision in buying Fire insurance from Grand Guardian Insurance (GGI) which is one of the most successful companies in the Insurance Industry.

Founded in 2012, Grand Guardian Insurance (GGI) is a public company which was formed under the license No (002) issued by the IBRB in accord with the Myanmar Companies Act and the Insurance Law.

GGI offers wide range of General Insurance such as Motor Insurance, Cash in Safe Insurance, Fidelity Insurance, Fire Insurance, Cash in Transit Insurance, Travel Insurance, Marine Cargo Insurance, Overseas Marine Cargo Insurance, Personal Accident Insurance. GGI also offers Life Assurance policies as follows: Endowment Life Assurance, Short Term Endowment Life Insurance, Group Life Assurance, Health Insurance, Snake Bite Insurance, Sportsman Life Insurance, Farmer Life Assurance. Its premium income for fiscal year 2017-2018 is Ks 15.65 billion, indicating a 57.44% increase compared to last year. In fact, it is just a part of the Business Portfolio of fiscal year 2017-2018.

1.1 Rationale of the Study

Insurance has become synonymous with safeguarding the interest of people and property from loss and uncertainty. Fire insurance is very important for individuals as well as businesses as they provide compensation for loss or damaged property.

Currently in Myanmar, there are 12 insurance companies have been in operation, of which 4 of them specifically underwrite the life insurance. The rest 8 companies underwrite composite insurance both life and non-life insurance.

There are also 27 foreign insurance companies and brokerage companies now have representative offices in Myanmar. Among them are three Japanese companies – Tokio Marine & Nichido Fire Insurance, Sampo Japan Insurance, and Mitsui Sumitomo Insurance – that are allowed to provide insurance business in Myanmar's Thilawa Special Economic Zone. Very recently on 5th April 2019, the Ministry of Planning and Finance granted five foreign companies to operate as a life insurance company through a 100pc wholly-owned subsidiary. Those preferred applicants are British Prudential, Japanese Dai-ichi Life, Hong Kong AIA, US Chubb and Canadian Manulife.

Insurance industry in Myanmar is growing steadily. With the entry of private insurance companies in the sector, competition among them has also become intense. In order to keep up with the competition, insurance companies need to focus intensely on what drives a customer's buying decision. The services provided by the insurance companies are almost similar in nature and type and thus customers are exposed to diversified choices. In order to gain new customers as well as to retain the old ones, insurance companies need to constantly improve their services by adapting to market innovations at lightning speeds and become customer-oriented rather than profit-oriented.

Since it was founded in 2012, GGI has offered a wide range of general and life insurance; fire insurance falls in the general insurance category. 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 have to compete for the clients' attention through the services they provide.

Growing competitiveness and similarities of services offered by other insurance companies and GGI have made it increasingly important to identify the factors which drive the customers' choice of insurance company. There are characteristics behind every buying decision that can come from cultural , social,

personal or psychological factors.

This study intend to focus on the important role of fire insurance services in GGI and current premium rates, and to find out the influencing factors of customers' decision in buying fire insurance policies from GGI.

The successful completion of the study helps the insurance companies to formulate and implement the innovative policies and to find ways in providing quality services to customers. It also paves the way for further research into the issue of how to influence the customers' choice of insurance company.

1.2 Objectives of the Study

The objectives this study are as follows:

- (1) To identify the insurance practices of Grand Guardian Insurance
- (2) To analyze influencing factors of customers' buying decision in fire insurance policies from GGI.

1.3 Scope and Method of the Study

This study focuses on the customers who buy fire insurance from GGI. The author measures what factors influence customers in choosing GGI. GGI has altogether 21 branch offices with 12,382 clients for fire insurance in whole of Myanmar but this study focuses only on businesses in Yangon which hold fire insurance policies during the period of 2018 through 2019. The sample size is 59 (1.5%) out of 3920 businesses in Yangon.

The method of this research is descriptive research method. To achieve main objective of the study both primary and secondary data are applied. The primary data is collected by interviewing chief operating officer at GGI who is responsible for overseeing fire insurance services and marketing executive at GGI who is responsible for marketing aspect of the insurance policies as well as the customer survey collected by using structured questionnaires which were distributed using simple random sampling (SRS) to existing customers of GGI. The secondary data is obtained from GGI annual reports, GGI website, relevant text books, previous reference data and personal.

1.4 Organization of the Study

This research is organized into five chapters.

Chapter 1 is an introduction which presents rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter 2 presents the literature view of insurance and theoretical frameworks concerned with consumer behavior which leads to the consumer buying decision. Chapter 3 presents the impact of insurance on society and the profile of Grand Guardian Insurance including establishment of GGI, new corporate structure of GGI, key challenges of GGI and services of GGI including fire insurance policy of GGI. Chapter 4 consists of the analysis on customer's buying decision of fire insurance. Chapter 5 is the part of the conclusion of study which includes findings, recommendations, limitations and needs for future research.

CHAPTER (2)

THEORETICAL BACKGROUND

In this chapter, overview of literature on insurance in general, fire insurance in Myanmar as well as theory of consumer's behaviors model which describes the determining factors of how consumers make their buying decision. A conceptual framework of the study linking the objectives to available literature and theories are also presented.

2.1 Definition of Insurance

Insurance is one of the oldest field of the economy. Insurance can be defined as a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured.

The first activities like insurance appeared nearly 4000 years ago. Whether in the past periods or in modern period the main goal of insurance is protecting health and assets of the people. Without insurance local, state, national and international businesses would quickly grind to a halt. (Richard Wm. Zevnik, 2005). Insurance is main element in the operation of sophisticated national economies throughout the world today.

Insurance is a means of protection from financial loss. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss. Although insurance cannot check the happening of risk but can provide for losses at the happening of risk and thereby creates security to the insured. (M.N. Mishra, 2007) Any risk that can be quantified can potentially be insured. Specific kinds of risk that may give rise to claims are known as perils. An insurance policy will set out in detail which perils are covered by the policy and which are not.

An entity which provides insurance is known as an insurer, insurance company, insurance carrier or underwriter. A person or entity who buys insurance is known as an insured or as a policyholder. The insurance transaction involves the

insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the event of a covered loss. The loss may or may not be financial, but it must be reducible to financial terms, and usually involves something in which the insured has an insurable interest established by ownership, possession, or pre-existing relationship.

2.2 Importance of Insurance

Insurance can also be described as an enabler for people and companies to take risks and as a way to allow individuals' minds and assets to be productively and confidently invested in the economy.

There are all kinds of uncertainties and risks in the world today. Individuals, families, businesses, properties and assets are exposed to different types and levels of risks. These include risk of losses of life, health, assets, property, etc. While it is not always possible to put a stop to unwanted events from occurring, financial world has developed products that protect individuals and businesses against such losses by reimbursing them with financial resources. Insurance is a financial product that reduces or eliminates the cost of loss or effect of loss caused by different types of risks.

Apart from protecting individuals and businesses from many kinds of potential risks, the Insurance sector contributes remarkably to the general economic growth of the nation by providing stability to the functioning of businesses and generating long-term financial resources for the industrial projects. Among other things, Insurance sector also encourages the virtue of savings among individuals and generates employments for millions, especially in a country like Myanmar, where savings and employment are important.

2.3 Concept of Fire Insurance

A fire insurance is a contract under which the insurer in return for a 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.

A fire insurance policy cannot be assigned without the permission of the insurer because the insured must have insurable interest in the property at the time of contract as well as at the time of loss. The insurable interest in goods may arise out on account of (i) ownership, (ii) possession, or (iii) contract. A person with a limited interest in a property or goods may insure them to cover not only his own interest but also the interest of others in them. Under fire insurance, the following persons have insurable interest in the subject matter:-

- ◆ Owner
- ◆ Mortgagee
- ◆ Pawnee
- ◆ Pawn broker
- ◆ Official receiver or assignee in insolvency proceedings
- ◆ Warehouse keeper in the goods of customer
- ◆ A person in lawful possession e.g. common carrier, tenant of a house

The term 'fire' is used in its popular and literal sense and means a fire which has 'broken bounds'. 'Fire' which is used for domestic or manufacturing purposes is not fire as long as it is confined within usual limits. In the fire insurance policy, 'Fire' means the production of light and heat by combustion or burning. Thus, fire, must result from actual ignition and the resulting loss must be proximately caused by such ignition. The phrase 'loss or damage by fire' also includes the loss or damage caused by efforts to extinguish fire.

Fire insurance policies typically contain general exclusions such as war, nuclear risks and similar perils.

2.4 Fire Insurance in Myanmar

In Myanmar, insurance penetration stands at just 0.07 percent of GDP, with the market valued at just US\$70 million in 2016-17. Non-life insurers contributed to more than 70pc of the market. There are 30 categories of insurance products now being offered, with property insurance representing 80pc of total non-life income,

according to Myanmar Insurance Association. GGI is eager to attract bigger share of this growing demand for fire insurance in Myanmar. In order to attain commercial success, it is important that managers understand consumer behavior.

Table 2.1 Local Insurance Companies in Myanmar

No.	Name	Type of Business	License Date
1	Myanma Insurance	Composite	01-03-1952
2	IKBZ Insurance Co., Ltd.	Composite	25-05-2013
3	Grand Guardian Insurance	Composite	25-05-2013
4	Aung Thit Sar Oo Insurance Co., Ltd.	Composite	25-05-2013
5	Citizen Business Public Co., Ltd.	Life	25-05-2013
6	Aung Myint Moh Min Insurance Co., Ltd.	Life	25-05-2013
7	Capital Life Insurance Co., Ltd.	Life	14-06-2013
8	First National Insurance Public Co., Ltd.	Composite	14-06-2013
9	Ayar Myanmar Insurance Co., Ltd.	Composite	14-06-2013
10	Global World Insurance Co., Ltd.	Composite	14-06-2013
11	Young Insurance Global Co., Ltd.	Composite	06-10-2013 (Life) 18-11-2016 (General)
12	Excellent Fortune Insurance Co., Ltd.	Life	06-10-2013

Source : Myanmar Insurance Association (MIA) “Insurance newsletter”, Vol.1, June 2018

All of the composite insurance companies as shown in table (2.1) in Myanmar offer fire insurance (property insurance) for individuals as well as businesses. Above table mentions all Myanmar insurance companies, composite as well as life including their license dates.

2.5 Understanding Consumer Behavior

Consumer behavior has many unexpected dimensions as the human mind contains many interacting neurons and the way consumers make their choices among

various products involves a fascinating array of factors (Kotler et al. 2004). The relationship between consumer behavior and marketing strategy is emphasized because the success of companies' marketing strategies depends upon managers' understandings of consumer behavior. Consumer buying decisions indicate how well the company's marketing strategy fits market demand. Thus, marketing begins and ends with the consumer. The study of customer behavior is based on consumer buying behavior, with the customer playing three distinct roles: user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field (Armstrong & Scott, 1991). Consumer behavior involves the psychological processes that consumers go through in recognizing their needs, finding ways to solve these needs, making purchase decisions (e.g., whether to purchase a product and, if so, which brand and where), interpret information, make plans, and implement these plans (e.g., by engaging in comparison shopping or actually purchasing a product).

Consumer behavior research attempts to understand the buyer decision-making process, both individually and collectively. It studies individual consumer characteristics such as demographics and behavioral variables in an attempt to understand people's wants. Consumer behavior research allows for improved understanding and forecasting concerning not only the subject of purchases but also purchasing motives and purchasing frequency (Schiffman & Kanuk, 2007).

In sum, modern marketers first attempt to understand consumers and their responses and then study the basic characteristics of their behavior. Studying consumer behavior helps to ascertain who the customers are, what they want, and how they use and react to the product. The wants of the customer are carefully studied by conducting surveys on consumer behavior.

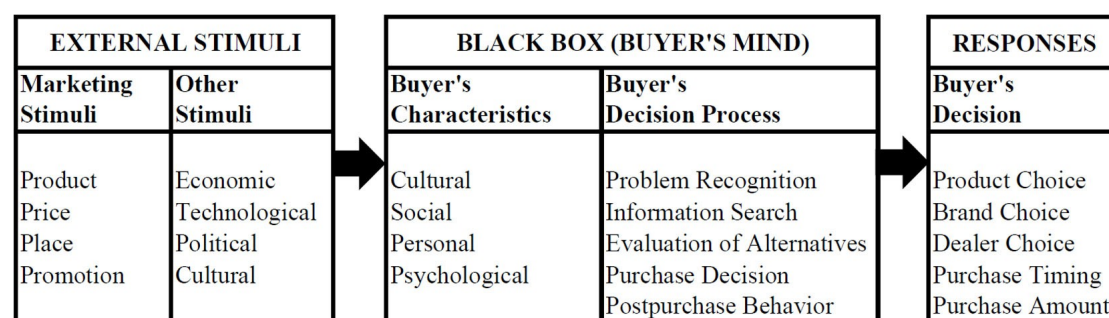
2.5.1 The Stimulus-Response Model

The well-known Pavlovian theory of learning has its origin in the experiments of the Russian psychologist, Ivan Pavlov, who conducted his experiments by ringing a bell each time before feeding a dog. Pavlov soon discovered that he could induce the dog to salivate by ringing the bell regardless of whether or not food was offered to the

dog. The result of the research led to a stimulus-response model of human behavior, based on four central concepts, namely drive, cue, response and reinforcement. The model does contribute to marketing by providing insights to the marketer concerning consumer behavior and advertising strategy. An example of the usefulness of the model for the marketer would be the introduction of a new brand into a highly competitive market.

Marketing is the art and science of presenting goods, services and concepts to people in a way that is expected to elicit a positive or negative reaction from them.

Figure. 2.1 The Stimulus-Response Model



Source: Ivan Pavlov (1927)

This is stimulus-response model of the buyer behavior. It shows stimuli as input and buyer response as output with the process of decision-making in the middle which depends on the buyer's characteristics.

One of its most important concepts, Stimulus-Response Theory of Consumer Behavior, was first published in 1967 by Philip Kotler in his book "Marketing Management". The stimulus-response model or the black box model is summarized in the above diagram as shown in figure (2.1). When a person is given certain input or stimulus, that stimulus affects the person's actions. What happens in the person's mind to cause that behavior has remained mostly a mystery, hence the name "black box." However, advances in technology and neuroscience have allowed researchers to study the effects of specific stimulus on the human brain and map the neurological response.

Kotler (2004) postulated that in the consumer's black-box of a mind, stimuli including product, price, promotion and place are processed against other stimuli - economic, political, social and technological - to arrive at a buyer response. This

response governs product choice, brand choice, retail choice, dealer choice, purchase timing, purchase amount and purchase frequency. The model stated that the differences in buyer behavior depended on the contents of the black box which included buyer characteristics and decision-making. Characteristics include cultural, social, personal and psychological factors. Decision-making includes problem recognition, information search, alternative evaluation, purchase decision and post-purchase behavior.

2.5.2 Buyer's Characteristics of Stimulus-Response Model

Marketers cannot change or control the fact that consumer buying behavior is influenced by Consumer Characteristics. However, they must be aware of them, in order to design their offerings in a way that is attractive from the viewpoint of these factors. Philip Kotler (2001) mention that a consumer's buying behavior is influenced by cultural, social, personal, and psychological factors. Cultural factors include Cultural, Subculture, Social Class. Social factors include Reference Groups, Family, Roles and Status. Personal factors include Age and Life-cycle stage, Occupation, Economic Situation, Lifestyles, Personality. Psychology factors include Motivation, Perception, Learning and Beliefs and Attitudes.

As the black box model shows, both marketing and environmental stimuli enter the buyer's consciousness. In turn, the buyer's characteristics and decision process lead to certain purchase decisions. The marketer's task is to understand what happens in the buyer's consciousness between the arrival of outside stimuli and the buyer's purchase decisions.

2.5.3 Cultural factors in the buyer black box

The thinking going on in the Buyer Black Box is firstly influenced by cultural factors.

Culture

Factors refer to the set of basic values, wants and behaviors learned by a member of a society from the family and other important institutions.

Subculture

Each culture contains smaller subcultures. Subculture includes nationalities, religions, racial groups and geographic regions.

Social Class

Society's relatively permanent and ordered divisions, the members of which share similar values, interests and behaviors. Social class can be determined by a combination of occupation, income, education, wealth and other variables.

2.5.4 Social factors in the buyer black box

Next to cultural factors, social factors influence the Buyer Black Box.

Reference Groups

Group refers to 2 or more individuals who interact to accomplish individual or mutual goals. A person's behavior is influenced by many small groups or reference groups. These groups involve family, religious groups, friends circle, neighbors etc.

Family

As do reference groups, families strongly influence the buyer black box. In fact, the family is often the most powerful influence on consumer buying behavior. For instance, the husband-wife relationship and involvement may greatly affect an individual's buying behavior. But also children can have a strong influence on family buying behavior.

Roles and Status

Would a top manager of a large-scaled international organization drive a Fiat Panda? The answer to the question is quite clear. But why? It has to do with the role and the status of the person. This is nothing else than the person's position in a certain group. The role refers to the activities that the person is expected to perform according to the group members. Also, each role carries a certain status that reflects the general esteem given to it by society. Since people usually choose products based on their roles and status, as the above mentioned example shows, this factor can greatly influence the buyer black box.

2.5.5 Personal Factors in the Buyer Black Box

The Buyer Black Box is greatly influenced by personal characteristics.

Age and lifecycle stage

People change their purchases over their lifetimes. Marketers define their target markets in terms of family life-cycle stage and develop appropriate plans and products for each stage.

Occupation

A person's occupation affects the goods and services bought.

Economic situation

Even more evidently, the buyer's economic situation affects the buyer black box. It will affect his/her product and store choices. For instance, personal income, savings and other factors influence what a buyer will purchase where, when, and how much.

Lifestyle

Lifestyle refers to a person's pattern of living. It is important to know that the consumer's buying behavior is strongly linked to the match between his/her own lifestyle and that of a product. Consumers do not buy products, they buy the lifestyles and values those products represent. Therefore, lifestyle is a critical factor steering the buyer black box.

Personality

The buyer black box is also affected by his or her personality. Personality means nothing else than the unique psychological characteristics distinguishing one person from another. It is often described in terms of traits. These can be self-confidence, dominance, aggressiveness and so further. As is the case with lifestyles, the idea is that brands also have personalities. Consumers will therefore be likely to choose brands which have personalities matching their own.

2.5.6 Psychological Factors in the Buyer Black Box

Finally, the Buyer Black Box is influenced by psychological factors.

Motivation

When a consumer recognizes that they have a need, the inner drive to fulfill

the need is called motivation. A motivated person is ready to act.

Perception

It is the process by which people select, organize and interpret information to form a meaningful picture of the world.

Learning

When people act, they learn. Learning can be described as changes in an individual's behavior arising from experience.

Beliefs and Attitudes

Through all the doing and learning, a person acquires beliefs and attitudes. These factors, in turn, influence the buyer black box. If a buyer has negative beliefs about a product based on learning, it is unlikely that he or she will buy it in the future. Also, the person will have a negative attitude towards the product. Certainly, beliefs and attitudes of a person are quite difficult to change. Therefore, marketers should concentrate on trying to fit the products into existing attitudes instead of attempting to change them.

2.6 Review of Literature

S Krishnamurthy, S V Mony, Nani Jhaveri, (2005), in the paper titled, “Insurance Industry in India: Structure, Performance and Future Challenges”, clearly explained the status and growth of Indian Insurance Industry after liberalization and also presents future challenges and opportunities linked with the Insurance. Insurance is the backbone of country's risk management system and influence growth of an economy in several ways. Insurance penetration largely depends on availability of insurance products, insurance awareness and services' quality. The future growth of this sector will depend on how effectively the insurers are meeting the expectations of their customers and able to change the perceptions of the Indian consumers and make them aware of the insurable risks. The paper has also drawn attention on emerging structure, role of bank assurance, agents and customer services in the success of life insurance business.

M. Rajkumari (2007) in the paper titled “A Study on Customers' Preference

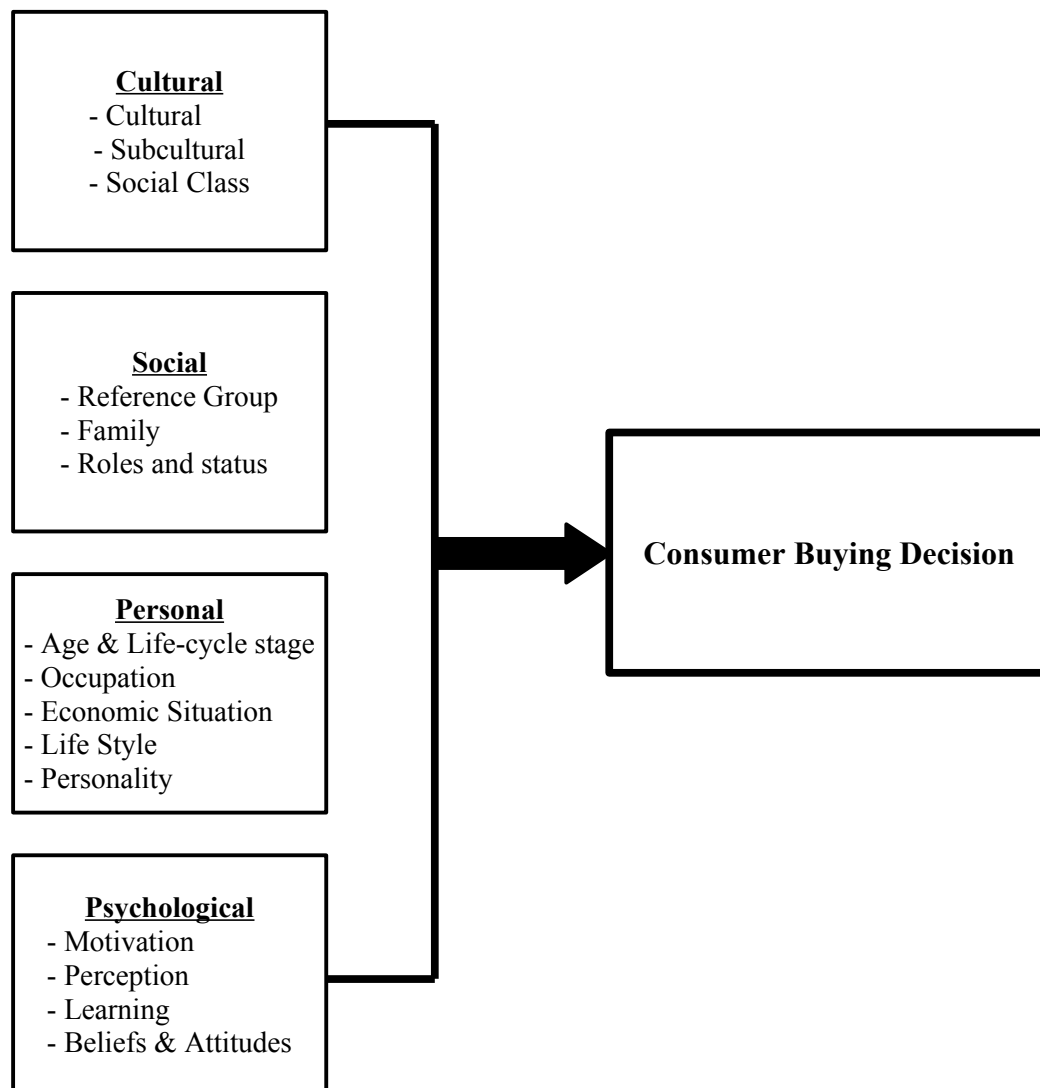
towards Insurance Services ” examined the awareness, satisfaction and preferences of customers towards various Insurance services . The study has been undertaken by the researcher in order to identify the customer's attitude towards purchase of insurance products and services formats available through banks. He also gave suggestions to improve customer awareness on performance of banks in selling insurance policies.

Kirubashini, B., (1991) in the study titled “Life Insurance Policy Holdings - A Study on Influencing Factors”, attempts to know the level of awareness, preference and influencing factor pertaining to policy holdings and to test the relationship between the influencing factors and policy holdings. The majorities of the respondents are aware of the endowment assurance policy and considered to rank it as number one. The study also revealed that there was a significant relationship between personal factors and policy holdings.

2.7 Conceptual Framework of the Study

After considering theoretical reviews, buyer's black box model and influencing factors on the customer buying decision making, this study develops own compilation of conceptual framework. The components of the framework are explained as follows:

Figure 2.2 Conceptual Framework of the Study



Source: Adapted from Ivan Pavlov (1927)

After considering the theoretical review, literature review, this study develops conceptual framework based on stimulus response model. This framework includes cultural, social, personal, and psychological factors. Those factors will be analyzed in order to find out which factor affects most on the customer buying decision.

CHAPTER (3)

PROFILE OF GRAND GUARDIAN INSURANCE

This chapter presents the impact of insurance on society and the profile of Grand Guardian Insurance including establishment of GGI, new corporate structure of GGI, 2018-2019 highlights of GGI, key challenges of GGI, service portfolio of GGI and finally fire insurance policy of GGI.

3.1 The Impact of Insurance on Society

An Insurance Company helps the community by helping with risk sharing and risk transfer. Insurance companies also invest the premium amount into the economy, helping with the flow of capital.

Insurance contributes towards society in many ways. However, the essential gift of insurance to the community is the stipulation of risk sharing, risk transfer capabilities and loss prevention steps, which are a primary element of the insurance industry and are necessary for a well-functioning economy but remain mostly unseen. Insurance benefits consumers, businesses and society altogether. Individuals take insurance to dodge being faced with financial trouble when accidental damage resulting from a particular event (non-life insurance) or when an individual wants to build up a monetary reserve for a specific plan and tries to decrease mortality, deprivation and endurance risks (life-insurance).

3.2 Profile of Grand Guardian Insurance Company (GGI)

Grand Guardian Insurance is aiming to be a responsible company. Grand Guardian Insurance was established in 2012 and since then it has been making progress every year. Grand Guardian Insurance earned 25.19 billion (MMK) in the fiscal year 2018-2019 indicating a 59% rise in annual gross premium income. Moreover, GGI continues to stand as the vanguard of Myanmar insurance industry. GGI's customer-centric approach drives their ability to provide the customers with the

services they need, which fuel back their satisfaction and loyalty. GGI is also a company driven by innovation: they are introducing new products that are suitable for the market and beneficial to the public. For example, the company developed new products like Short-term Endowment Insurance and Overseas Marine Cargo Insurance, which are now performing well in the market.

GGI opened five new branches in the fiscal year 2018-2019: it has 21 branches up to now covering the whole country. The company is extending the network of branches to increase public awareness of insurance and provide swift and effective customer services. GGI is cooperating with its business partners who are insurance agents and organizations such as banks, car showrooms, garages and hospitals and is also applying the corporate sale channels to offer the best customer services.

GGI is investing to enhance its IT (Information Technology) assets which will support insurance services through better process, stronger data management and superior business efficiency. It is also using the online and mobile channel services in extending its digital insurance. The company has adopted an annual Training Calendar to improve the skills of its people, reinforce their IT knowledge and hone their professionalism.

Grand Guardian Insurance is a business entity working within the framework of the laws, rules and regulations and under the supervision of the Insurance Business Regulatory Board (IBRB). Grand Guardian Insurance (GGI) established two separate business lines – general insurance and life insurance – and formed a joint venture with a foreign partner for each. Both joint ventures are poised to gain extra success in their businesses.

Vision of Grand Guardian Insurance is to build an ideal environment for the growth and protection of wealth and lives. **Mission** of it is to deliver better products, value-added services and raise professionalism in the industry. There are also **values** that GGI hold very dear and they are Customer Care, Integrity, Progressiveness, Simplicity.

3.2.1 Establishment of Grand Guardian Insurance

Grand Guardian Insurance Public Company Limited was incorporated as a

public company in the Republic of the Union of Myanmar under The Myanmar Companies Act on December 11, 2012. The certificate of incorporation issued by Ministry of National Planning and Economic Development under the Government of the Republic of the Union of Myanmar is No. 3772 of 2012-2013. Ministry of National Planning and Economic Development also issued the certificate for commencement of business under section 103(1) (a) to (d) of the Myanmar Companies Act on April 2013. The company was also issued insurance business license - No. 002 - in pursuance of subsection (a) of section 38 of the Insurance Business Law by Insurance Business Supervisory Board (IBSB) under Ministry of Finance and Revenue on May 25, 2013.

The inaugural ceremony of the company was held on 12th June 2013. In the past 50 years, a state-owned insurance enterprise was the sole institution for providing insurance services in the whole of Myanmar. Thus, it is noteworthy that Grand Guardian Insurance Public Company is one of the first insurance companies to do business officially after a period of 50 years. The opening ceremony was marked with the company's donation of 5 million kyats each to Yangon General Hospital, Mary Chapman School for the Deaf and International Cultural and Charity Group.

3.2.2 New Corporate Structure of Grand Guardian Insurance

Recently, significant changes were enacted by the Financial Regulatory Department of the Ministry of Planning and Finance to modernize and liberalize the insurance sector; reflecting the objective 3.5.15 of the Myanmar Sustainable Development Plan which aims to “strengthen and further liberalize the insurance sector” and the enforcement of the New Companies Law. As a result, foreign insurers can today operate directly in Myanmar either by running their business directly or by partnering with a Myanmar company.

In 2018, GGI's top management started to discuss with different players and decided to reorganize the company to make it more ready to seize this opportunity. The evolution of GGI's corporate structure is summarized below and was discussed and approved on 2nd of February 2019 during an EGM by GGI's shareholders.

3.3 Key Challenges For Grand Guardian Insurance

a.) Myanmar has one of the lowest penetration rates for insurance in the world.

Insurance in Myanmar is underdeveloped; according to different estimation, premium revenues are equalling around 0.1 percent of Myanmar gross domestic products. According to data released by the Swiss Re Institute¹, Myanmar has one of the lowest penetration rates for insurance in the world.

To seize this opportunity, insurers in Myanmar will have to invest a considerable amount of resources in raising awareness about insurance products, recruiting and training talents, develop a sound IT infrastructure and scale their operation quickly.

b.) Modernizing and liberalizing the Myanmar insurance market is needed but challenging.

Published on August 2018, the Myanmar Sustainable Development Plan provides the strategic roadmap for transforming our country. To reach objective 3.5.15 for strengthening and further liberalizing the insurance sector in Myanmar, insurers and regulators will have to transform their organizations together and to partner more to develop the market's potential.

c.) It is essential to build trust in the Myanmar Insurance Market.

To develop the insurance market, however, people need to trust the market, financial institutions, in order to start buying products to protect and secure their future.

3.4 Services of Grand Guardian Insurance

GGI offers wide range of Non-Life or General Insurance such as Motor Insurance, Cash in Safe Insurance, Fidelity Insurance, Fire Insurance, Cash in Transit Insurance, Marine Cargo Insurance, Overseas Marine Cargo Insurance, Marine Hull

¹ Swiss Re Institute, *Sigma 3/18 World insurance in 2017, solid, but mature life market weigh on growth*, May 2018.

Insurance, Personal Accident Insurance.

GGI also offers Life Assurance policies as follows: Farmer's Life Assurance, Health Insurance, Group Life Assurance, Travel Insurance which is placed under life insurance category as life threatening harm could happen during the trip.

GGI introduced and exchange the older policies and started to sell the following new Life Insurance products in the market in fiscal year 2018-2019:

- (1) Health Insurance (New Version),
- (2) Critical Illness Insurance,
- (3) Micro Health Insurance,
- (4) Short-term Endowment Life Assurance
- (5) Education Life Insurance.

GGI also established a partnership with Tokio Marine to introduce a new product: the Oversea Marine Cargo Insurance which was introduced on 31st January 2019.

3.4.1 Non-Life or General Insurance

General Insurance has altogether nine different types of insurance.

(a) Motor Insurance

GGI's comprehensive motor vehicle insurance means the clients can drive safe in the knowledge that they are comprehensively protected. They can insure their own car, a car that they own jointly, as well as a rental vehicle.

GGI's premium customer service, simple policies and 24/7 cover mean that the whole process is smooth and simple. GGI offers a great rate of return, and promises to pay out the full amount for the loss and damage of your vehicle.

Features of Motor Insurance

Our premium customer service, simple policies and 24/7 cover mean that the whole process is smooth and simple. GGI offer a great rate of return, and promise to pay out the full amount for the loss and damage of your vehicle.

Core Benefits of Motor Insurance

It covers your own damage from accidents, collision, overturning, fire, self-ignition. It also covers malicious acts perpetrated against your vehicle; accidents

caused by loading and unloading by road, rail, lift or elevator; impact damage caused by falling objects (provided no convulsion of nature is involved), third party liability of death or bodily injuries.

(b) Cash in Safe Insurance

Cash transactions are part of doing business, and it is necessary to have a safe on the business premises, and the possibility of theft or damage is a potential risk.

That is why GGI offers a premium cash in safe insurance policy which protects the client against loss, destruction or damage to money that is kept in a safe on business premises.

Features of Cash in Safe Insurance

This policy will pay out the maximum amount of cash lost while in a locked safe, not exceeding the limit of liability of the company stated in the schedule of the policy. GGI offer first class, 24/7 customer service with simple procedures, so claiming the payout is straightforward and easy.

Core Benefits of Cash in Safe Insurance

Compensation will be paid up to the maximum amount of cash lost (not exceeding the limit of the company liability). It covers loss, destruction and damage as well as theft or damage by burglars.

(c) Fidelity Insurance

In the business environment, criminals may use forgery, larceny or fraudulent conversion to steal large amounts of money in crafty and hard-to-detect ways; and often, it might be too late by the time the client realize what is happening.

To protect against these scenarios, GGI offer fidelity insurance, a policy that safeguards the client and their assets. And while the client may trust their employees, it pays to be careful. GGI's policy also protects the client from theft or loss by staff or assistant.

Features of Fidelity Insurance

GGI policy covers the client against loss from forgery and embezzlement, as well as larceny or fraudulent conversion.

The compensation is payable up to the total amount of money stolen by an employee of the company or the total amount of loss incurred by the insured. GGI offers quick consultation, 24 hours a day seven days a week claim service and transparent, easy to understand terms and conditions.

Core Benefits of Fidelity Insurance

Compensation will be paid up to the maximum amount of cash lost (not exceeding the limit of the company liability). It covers loss, destruction and damage as well as theft or damage by burglars.

(d) Cash in Transit Insurance

Sometimes it is necessary to move the clients' money around. Cash transit, however, can be a risky and dangerous procedure. While the business and bank may be secure, transit presents a unique opportunity for criminals, and is often the easiest place for them to strike.

That is why GGI provides cash in transit insurance, which covers all cash moved from one post to another post. GGI will pay out the full sum of money in case of loss, theft or robbery.

Features of Cash in Transit Insurance

GGI cash in transit policy is effective against either theft by malicious individuals, or loss caused by on the part of your employees or assistants. GGI offer a swift payout, transparent and easy to understand coverage and 24 hours, seven days a week customer service.

Core Benefits of Cash in Transit Insurance

It covers loss of cash by burglar or thief for any cash in transit. Payout is swift and customer service is 24 hours, seven days a week.

(e) Marine Cargo Insurance

Myanmar is a historic centre of shipping and trade, with billions of dollars flowing around the country every year. Business owners, logistics companies and other agents need to protect their vital cargo from the threats it faces during transit. GGI's marine cargo insurance policy exists to safeguard the client from loss or

damage of cargo moved around Myanmar by way of air, road transport or sea freight.

This policy provides high quality protection, protecting the clients' business and ensuring that they can trade without fear or concern.

Features of Marine Cargo Insurance

This policy covers loss or damage by fire or explosion, as well as stranded, grounded, sunk or capsized vehicles. GGI also cover collisions and contacts with other vessels in Myanmar, as well as any external object.

This policy is recommended for importers, exporters, cargo owners, logistics companies, freight forwarders and legally authorized representative agents.

Core Benefits of Marine Cargo Insurance

The policy protects against unforeseen circumstances, losses or damage by fire or explosion. It also protects against vessels that are stranded, grounded, sunk or capsized; collision or contact of vessel, craft or conveyance with external object other than water. It protects against overturning or derailment of land conveyance.

(f) Overseas Marine Cargo Insurance

As the world becomes ever more connected, Myanmar business owners need to protect their precious cargo from the many accidents and misfortunes that can occur during the shipping process.

This special policy protects the clients, as business owners, from loss or damage of cargo they export or import by way of air or sea freight. GGI will cover the client anywhere in the world, providing high quality protection and safeguarding your global business.

Features of Overseas Marine Cargo Insurance

This policy covers loss or damage by fire or explosion, as well as stranded, grounded, sunk or capsized vehicles. GGI also cover collisions and contacts with other vessels, and any external object other than water.

GGI recommends this policy for importers, exporters, cargo owners, logistics companies, freight forwarders and legally authorized representative agents.

Core Benefits of Overseas Marine Cargo Insurance

It protects against unforeseen circumstances, losses or damage by fire or

explosion as well as vessels that are stranded, grounded, sunk or capsized and collision or contact of vessel, craft or conveyance with external object other than water.

(g) Marine Hull Insurance

Myanmar is a thriving marine destination, with ships regularly traversing its inland rivers and coastal routes. GGI's marine hull insurance policy offers protection to vessels who are importing or exporting cargo along these routes, covering the clients' vessel from loss, damage or derailment. For business owners and operators with financial investments in cargo ships, it is vital to have a protection policy in case of these adverse events. GGI offer simple, transparent policies, as well as excellent round-the-clock customer service and swift payouts.

Features of Marine Hull Insurance

This comprehensive policy offers protection against unforeseen circumstances, loss or damage by fire, explosion, stranding, grounding, sinking or capsizing, as well as collision by foreign objects.

Core Benefits of Marine Hull Insurance

It protects from loss, fire damage, explosion, stranding, grounding, sinking or capsizing. It also covers overturning or derailment of land conveyance, collision and contact of vessel, craft or conveyance with any external object other than water.

(h) Personal Accident Insurance

Accidents can strike at anytime, anywhere. The accidents can have terrible and life-altering consequences, such as death, disability or permanent injury. GGI's personal accident insurance will protect the clients or their loved ones from loss of life, disability or injury due to an accident. This policy ensures that an accident need not affect the client's family's financial situation, as GGI Tokio Marine give you a swift payout to help you recover.

Features of Personal Accident Insurance

This policy protects you from unforeseen circumstances such as death, accident and sickness at anytime, anywhere.

Core Benefits of Personal Accident Insurance

It protects from bodily injuries, total permanent disability, death and hospitalization. It also protects against unforeseen circumstances causing loss of life, disability or injury due to an accident. It covers accidents at anywhere, anytime. GGI's policy makes it easy to claim, and it is guaranteed to pay out in full in the event of an accident.

(i) Fire Insurance policy in Grand Guardian Insurance

Fire insurance is essential for the safety of your property. Fire insurance policy provides the insured with coverage for loss or damage of property due to or lighting. Owner, Joint Owner of Owner or joint Owner, Mortgagee and Mortgager of the property are entitled to Purchase the policy. Grand Guardian Insurance provides flexible coverage for your property. If the insured encountered 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 followings are the flexible coverages which can be bought in GGI.

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

The term of the policy will be from 10 days to 1 year and before the end of the term of insurance, the policy can be renewed. Standard fire covers include the following: losses 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 demolishing by the fire fighters in order to deter the spread of fire. Customers can also buy the additional covers by paying additional premium.

Following additional covers can be also purchased together with the cover:

- (1) Riot, strike

- (2) Malicious damage
- (3) Earth-quake shock, earth-quake fire and volcanic eruption
- (4) Explosion
- (5) Storm, typhoon, hurricane, tempest and cyclone
- (6) War risks

Premium amount may vary depending on building class, occupation of building, adjacent building of the insured building, the Sum insured etc.

Premium amount will be around 0.28% (minimum) to 3.6 % (maximum) 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 company.

Table 3.1 Bonus Scheme for fire Insurance policy holders

Policy Year	Premium Amount
1 st Year	No Bonus
2 nd Year	25% of basic premium
Subsequent Years	25% of basic premium

Source : GGI website

3.4.2 Life Insurance

There are altogether nine different life insurance policies.

(a) Farmer's Life Insurance

Farmer's Life Insurance policies of GGI are tailored to the needs of agricultural workers. This policy is a must have for all farmers looking to achieve a basic level of financial protection against death, disability and accidents preventing farmers from working.

Features of Farmer's Life Insurance

GGI's unique Farmer's Life Insurance policy is designed to protect farmers from accidents, death and disability in their line of work. This single, simple policy covers death, total permanent disability, work injury and loss of income from hospitalization in one easy package.

Furthermore, it can be bundled with credit loans, allowing the clients to invest in their future while ensuring their safety, no matter what occurs.

Many farmers are the sole proprietors of their business, and in the unfortunate event of death, total permanent disability or injury, they may find their income devastated and their family negatively affected. Farmer's Life Insurance will allow the children of agricultural workers to continue their studies uninterrupted, helping to invest in the next generation and the future of this vital workforce.

Core Benefits of Farmer's Life Insurance

If there is a hospitalization from Accidental Injury, GGI will pay 2% of the insured value per day of hospitalization for a maximum of five days. This is payable up to three times during the insurance period. If there is an accidental Injury, GGI will offer compensation depending on a physician's recommendation.

If there is a total permanent disability, the insured will receive 100% of the sum insured in one lump sum upon total permanent disability. In case of death, the insurer will receive 100% of the sum insured in one lump sum upon death.

(b) Health Insurance

As the cost of healthcare rises across the world, it becomes more and more essential to insure people's loved ones against disease and accident. For city dwellers, the rising cost of healthcare can be a stressful burden. Company's healthcare might seem like sufficient cover, but corporate policies are often insufficient in the scope of their protection.

That is why it is prudent to cover yourself before accident or disease strikes, as these unpredictable events can have devastating consequences on your finances and standard of living. GGI can assist in multiple ways to help the clients manage and navigate if disaster strikes.

Features of Health Insurance

GGI offers financial protection against large medical bills incurred from sickness and accidents, as well as a lump sum payment in the event of miscarriage, allowing for recuperation and recovery free from financial stress and worry.

In addition, GGI also offer outpatient clinic bill reimbursement.

Core Benefits of Health Insurance

For a basic cover, the insured will receive cash daily for each day of hospitalization, for up to 60 days and lump sum benefit is payable upon death. For a optional cover 1, there will be a reimbursement for surgical operation performed under anesthetic. Also an additional coverage for medical treatment at clinics and hospitalization for miscarriage. For a optional cover 2, there will be a reimbursement for up to 4 outpatient clinic treatments.

(c) Critical Illness Insurance

GGI's Critical Illness Insurance will pay the client a lump sum upon diagnosis of major illnesses, such as cancer or a heart attack. If the client already have life and health insurance, this policy offers the client an additional layer of protection and security, protecting he/she from the potentially catastrophic financial cost that may result from critical illness.

If illness strikes, it is essential that the client and his/her loved ones focus their time and energy on recovering. Major illnesses can strike at any time, which is why it is needed to consider the worst case scenario. Fortunately, GGI's simple and affordable policies make it easy for the people to get the cover they need.

Features of Critical Illness Insurance

GGI's Critical Illness Insurance covers major illnesses including cancer, heart attack, stroke and major organ transplants. GGI's prompt lump sum payout allows the client to focus time and effort on getting well again, helps to pay for critical medical services that might otherwise be unaffordable, and can help provide the client with access to a restful place to recuperate.

Core Benefits of Critical Illness Insurance

If there is a Critical illness, the insured will receive 100% of the sum insured in one lump sum, upon diagnosis of covered critical illnesses.

In case of Death, it is payable that 100% of the sum insured in one lump sum upon death, provided the insured party has not made a prior critical illness claim. For full protection against sickness and death, Critical Illness Insurance is the smart choice.

(d) Micro Health Insurance

GGI's Micro Health Insurance lets the clients protect their loved ones at an affordable monthly price, providing health coverage in case of sickness or accident. It is similar to our health insurance policy, but at a lower price – ideal if the clients are looking for basic insurance or are on a tight budget.

Features of Micro Health Insurance

This simple policy covers hospitalization due to disease or accident as well as death due to accident. For prices as low 5,000MMK a month, GGI offers payouts of 5,000MMK per day for hospitalization (maximum 60 days) and 500,000MMK for death due to accident.

If the client does not currently have an insurance policy, and is looking for an affordable, simple way to start investing in his/her future, our micro health insurance policy is the perfect solution.

Core Benefits of Micro Health Insurance

If the insured is hospitalized, 5,000MMK per day will be paid up to 60 days. In case of death, 500,000MMK is payable upon death.

(e) Short-term Endowment

If the clients have a stable income and are looking for a long term savings plan, this is the perfect insurance for them. GGI's short term endowment policy will enhance their investment returns, ensuring that they can meet their life goals through a smart savings plan.

Furthermore, in the event of death or total permanent disability, they will receive a full and prompt payout, just as they would with traditional life insurance. Planning for the long term is always a good idea, and GGI's short term endowment policies are designed to help the clients invest in their financial future.

Features of Short-term Endowment

This policy is paid through a regular savings plan, with insurance protection. GGI has built in a range of flexible options for the clients' benefit. GGI also offers a free medical consultation for all of their customers. The premiums can be paid at prices starting as low as MMK7,200 per month.

The clients' financial needs may increase over time, for example, with marriage or other commitments. Regular savings means they will have the money they need when they need it, letting them experience all that life has to offer without stress or concern.

Regular savings will help make sure the clients' future is protected, giving them the money they need, right when they need it.

Core Benefits of Short-term Endowment

The client will receive the full value of the sum insured in one lump sum upon policy maturity as a maturity benefit payout. It is a low premium as it starts from as low as 7,200MMK per month. As the options are flexible, the client will enjoy additional options on the policy, such as surrender, policy loan or paid up option. It is payable that 100% of the sum insured in one lump sum, should the insured party suffer Death or Total Permanent Disability.

(f) Student Life Insurance

Now parents can plan for their child's future, with Myanmar's first student life insurance policy. This innovative policy protects the client's children in the event of the parent's (policyholder) death or total permanent disability, ensuring that their education and future are protected, no matter what.

Features of Student Life Insurance

This policy is paid for through a regular savings plan, and provides insurance for both parent and child in the case of either death or total permanent disability. The first product of its kind in Myanmar, it now means any child between the ages of thirty days and twelve years old (measured by the age of the next birthday) can be covered. With a free medical consultation and built in flexible options, GGI's student life insurance will give the clients and their children the peace of mind needed for incredible achievements.

Core Benefits of Student Life Insurance

The client will receive the full value of the sum insured over four equal installments beginning from the child's 17th birthday as a maturity benefit Payout.

As a premium waiver benefit, full waiver on outstanding premium payments,

if the parent suffers from death or total permanent disability. The child will continue to receive the full value of the sum insured over four equal installments beginning from the child's 17th birthday. As the options are flexible, parents can enjoy additional options on the policy, such as surrender, policy loan or paid up option. Parent will receive full value of the sum insured in one lump sum, should the child suffer from death or total permanent disability.

(g) Travel Insurance

We live in an ever more connected world, and long distance travel is becoming a part of more and more people's lives. Traveling can be a transformative experience, but it can also be fraught with unpredictable challenges.

As Myanmar opens up, citizens are enjoying more and more free travel, both domestic and international. Business, visiting family or merely for pleasure, the clients will experience it with confidence, security and joy with this insurance.

Features of Travel Insurance

GGI offers travel protection for various modes of transport, such as air travel, sea travel and land (including bus, train and the client's own vehicle). GGI's policy offers protection against unforeseen circumstances such as death, accident and sickness while traveling.

Accidents can strike anywhere and at any time. GGI calculates the premiums based on the trip duration. The client might pay as low as 200MMK for one unit of cover for up to a week of travel and the peace of mind is priceless.

As always, GGI makes sure the payout process is simple and streamlined and they are always just a phone call away, making it easy for the client to feel protected, no matter where he/she goes.

Core Benefits of Travel Insurance

The client will receive weekly cash benefits for every week of hospitalization, for up to 52 weeks. The client will receive lump sum benefit (as a % of sum insured) upon injury as per doctor's assessment as a injury benefit. The client will receive weekly cash benefits for every week of inability to work, for up to 52 weeks as a disability income benefit. It is payable that 100% of sum insured in one lump sum

upon death or total permanent disability.

(h) Customized Group Life Insurance (Health, Critical Illness and Life)

GGI comprehensive group insurance policy protects the client's employees against a wide range of mishaps and damages. GGI offers health, critical illness and life insurance coverage. This policy is ideally suited for business owners and employers looking for a single package to safeguard their valuable team.

As with all GGI's policies, it is guaranteed that the excellent customer service and swift payout in the event of a claim.

Features of Customized Group Life Insurance

Health Insurance

GGI offers financial protection against large medical bills incurred from sickness and accidents, allowing for recuperation and recovery free from financial stress and worry. GGI also offers outpatient clinic bill reimbursement for costs associated with hospitalization.

Critical Illness

GGI's Critical Illness Insurance covers major illnesses including cancer, heart attack, stroke and major organ transplants. GGI prompt lump sum payout helps to pay for critical medical services that might otherwise be unavailable, and can provide your employee with access to a restful place to recuperate.

Life Insurance

GGI's group life insurance policy protects the client's employees in the unfortunate event of death, total permanent disability or serious injury. GGI's policy will provide the supplemental income needed to recover after such a tragic event, ensuring the client's employees and their families are well taken care of.

Core Benefits of Customized Group Life Insurance

Health Insurance

As for basic cover, the client will receive daily cash payment for each day of hospitalization, for up to 60 days. Lump sum benefit payable upon death. For a optional cover 1, there will be a reimbursement for surgical operation performed under anesthetic. Also an additional coverage for medical treatment at clinics and

hospitalization for miscarriage. For a optional cover 2, there will be a reimbursement for up to 4 outpatient clinic treatments.

Critical Illness

The client will receive 100% of the sum insured in one lump sum, upon diagnosis of covered critical illnesses.

Life Insurance

It is payable that 100% of sum insured in one lump sum payment upon death or total permanent disability. Reasonable benefits will be given to any bodily injuries, certified by registered Medical Officer.

(i) Special Travel Insurance

With this policy, GGI will guarantee comprehensive travel cover for each one of the passengers on the client's fleet of buses. This comprehensive policy protects against a wide range of accidents and mishaps, giving the client and his/her passengers safety and security every time they ride with the client.

This policy is suitable for long and short trips alike, helping the client and his/her customers mitigate the risks present in every bus journey.

Features of Special Travel Insurance

GGI offers protection against unforeseen circumstances such as death or injury from travel accidents. GGI can also provide disability income should the customer not be able to work due to injury.

GGI's special traveling insurance is easy to transact, with fulfillment on promise to pay claims and only costs a fraction of the overall traveling cost.

Core Benefits of Special Travel Insurance

The client will receive weekly cash benefits for every week of hospitalization, for up to 52 weeks. The client will receive up to 80% of sum insured in one lump sum upon bodily injury. The client will receive weekly cash benefits for every week of inability to work, for up to 52 weeks as a work injury benefit.

In case of death, it is payable that 100% of sum insured in one lump sum payment.

CHAPTER (4)

ANALYSIS ON CUSTOMER BUYING DECISION OF FIRE INSURANCE POLICY IN GRAND GUARDIAN INSURANCE

This chapter explores the influencing factors on buying decision towards fire insurance in Grand Guardian Insurance (GGI). In order to do this, the structured questionnaires were distributed to the simple random sampled 59 customers who bought fire insurance policy from GGI. In this chapter, analysis of survey results is presented in three parts. First part describes the respondent's demographic characteristics and the second part shows the fire insurance knowledge and information of respondents and the final part portrayed the influencing factors on consumer buying decision towards fire insurance.

4.1 Demographic Characteristics of the Respondents

In this section, demographic profile of sampled fire insurance policy holders are explored. According to the survey results, the respondents can be classified with six criteria on demographic profile such as gender, age, marital status, educational level, occupation and annual income. This section data of demographic information obtained from the questionnaires are interpreted and summarized in frequency distribution and percentage distribution in tables.

(a) Gender of Respondents

Gender of fire insurance policy holders are shown in the following.

Table 4.1 Respondents by Gender

No.	Gender	Number of Respondent	Percentage (%)
1	Male	47	79.7
2	Female	12	20.3
	Total	59	100

Source: Survey results, 2019

As shown in table (4.1), the gender consists of 47 (79.7%) males and 12 (20.3%) females. This confirms that the number of male respondents is larger than that of female respondents.

(b) Age of Respondents

Table (4.2) shows the distribution of respondents by age group. The four age groups are identified for analysis on distribution by age.

Table 4.2 Respondents by Age

No.	Age Group	Number of Respondent	Percentage (%)
1	30 and below	0	0
2	31 to 40	31	52.5
3	41 to 50	16	27.1
4	Above 50	12	20.3
	Total	59	100

Source: Survey results, 2019

Survey results show that the largest number of respondents, 31, is found in the age group of 31 to 40, which is 52.5% out of 100% respondents. The second largest group of respondents, 16, is in the age group of 41 to 50, which is 27.1% out of 100% respondents. The smallest respondents' group, 12, is above 50 years old, which is 20.3% out of 100% respondents. There were no respondents in the age of 30 and below. It means the most of the respondents are middle aged.

(c) Marital Status of Respondents

Marital status of target respondents has been surveyed for this study. This is shown in the following table (4.3).

Table 4.3 Respondents by Marital Status

No.	Marital Status	Number of Respondent	Percentage (%)
1	Single	10	17
2	Married	49	83
	Total	59	100

Source: Survey results, 2019

Results show that, 10 (17%) of the respondents are single and 49 (83%) of the respondents are married. Therefore, majority of respondents are married.

(d) Education Level of Respondents

Table (4.4) represents the education level is respondents. In this study, five levels are based to describe the respondent distribution by education level.

Table 4.4 Respondents by Education Level

No.	Education Level	Number of Respondent	Percentage (%)
1	High School	0	0
2	Graduate	49	83
3	Post Graduate	6	10
4	Master	4	7
	Total	59	100

Source: Survey results, 2019

Most of the respondents are graduate as 49 (83%) out of 59 (100%) represent graduate. 6 (10%) respondents out of 59 (100%) hold post graduate and 4 (7%) respondents have master degrees.

(e) Occupation of Respondents

Basically occupational status are classified by business owner, manager of a company, managing director of a factory and others. Occupational status of sample fire insurance policy holders are shown in table (4.5).

Table 4.5 Respondents by Occupation

No.	Occupation	Number of Respondent	Percentage (%)
1	Business Owner	31	52.5
2	Manager of a Company	14	23.7
3	Managing Director of a Factory	10	16.9
4	Others	4	6.8
	Total	59	100

Source: Survey results, 2019

According to the survey data, 31 respondents out of 59 which is 52.5 % of all respondents are business owners. 14 respondents out of 59 which is 23.7% of all respondents are managers and 10 (16.9%) are managing directors of factories and 4 (6.8%) have other occupation.

(f) Annual Income of Respondents

Income is one of the important and sensitive demographic factor. In this study, average annual income of respondents is categorized into five groups that are shown in table (4.6).

Table 4.6 Respondents by Annual Income

No.	Annual Income	Number of Respondent	Percentage (%)
1	Less than K 10,000,000	5	8.5
2	K 10,000,001 - K 20,000,000	10	16.9
3	K 20,000,001 - K 40,000,000	18	30.5
4	Above K 40,000,000	26	44.1
	Total	59	100

Source: Survey results, 2019

According to the results, 26 respondents which is 44.1% all respondents have the annual income from their businesses above K 40,000,000. 18 respondents which is 30.5% all respondents comes from annual income group of K20,000,001 to K40,000,000. Then, 10 (16.9%) respondents and 5 (8.5%) respondents fall into the income group of K10,000,001 to K20,000,000 and less than K10,000,001 respectively. Most of the respondents have considerable income to buy fire insurance and protect their businesses.

4.2 Fire Insurance Knowledge and Information of Respondents

This section examines how much knowledge fire insurance policy holders have and from which sources they gather their information, what type of properties they have insured.

(a) Knowledge on Fire Insurance

To test the fire insurance knowledge of the respondents, the question on whether they know anything about fire insurance products and the results are shown in table (4.7).

Table 4.7 Respondents' Knowledge about Fire Insurance Products

No.	Fire Insurance Knowledge	Number of Respondent	Percentage (%)
1	Yes	56	94.9
2	No	0	0
3	Maybe	3	5.1
	Total	59	100

Source: Survey results, 2019

According to the results, 56 (94.9%) respondents have knowledge about fire insurance. 3 (5.1%) respondents are not sure whether they have heard about fire insurance but all respondents seem to have some knowledge about fire insurance products as nobody answers 'no'.

(b) Types of Properties Insured

Table (4.8) shows the types of properties the respondents hold fire insurance policy.

Table 4.8 Types of Properties that Respondents insured

No.	Types of Properties	Number of Respondent	Percentage (%)
1	Office Building	3	5.1
2	Warehouse	12	20.3
3	Factory	31	52.5
4	Mini Mart	4	6.8
5	Car Show Room	9	15.3
	Total	59	100

Source: Survey results, 2019

According to the results, 31 (52.5%) factories and 12 (20.3%) warehouses are the properties that the most respondents hold fire insurance policy. 9 (15.3%) Car

show rooms, 4 (6.8%) mini marts, 3 (5.1%) office buildings are also the properties respondents hold fire insurance policy accordingly.

(c) Past Insurance Experience of Respondents

Table (4.9) shows whether the respondents have any experience of buying insurance previously.

Table 4.9 Past Insurance Experience of Respondents

No.	Past Insurance Experience	Number of Respondent	Percentage (%)
1	Yes	31	52.5
2	No	28	47.5
	Total	59	100

Source: Survey results, 2019

Results shows that 31 (52.5%) respondents have bought insurance before and therefore they have experience buying insurance. 28 (47.5%) respondents have no previous experience buying insurance. It means that 28 respondents started to use the policy very recently.

(d) Source of Information that make Respondents Aware of Fire Insurance

Following table (4.10) describes the possible sources of information which make the respondents aware of fire insurance policy.

Table 4.10 Sources of Information that make Respondents Aware of Fire Insurance

No.	Source of Information	Number of Respondent	Percentage (%)
1	Past Experience	18	30.5
2	Family	2	3.4
3	Agent	8	13.6
4	Social Media	31	52.5
		59	100

Source: Survey results, 2019

According to the results, most of the respondents receive information and made aware of fire insurance on social media which is 31 (52.5%) respondents. 18 (30.5%) respondents knows about it through past experience. 8 (13.6%) respondents

and 2 (3.4%) respondents become aware of fire insurance through agents and family respectively.

4.3 Customer Buying Decision towards Fire Insurance Policy

The customer buying decision depends buyer's characteristics which includes cultural, social, personal and psychological are being identified and assessed with questionnaires. The question type for that analysis is Likert type 5 points scales. The respondents has 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 statement. After collecting the key questionnaires, the perception of the insured is identified. The respondents who gave the point 1 and 2 are identified as disagreed insured and the respondents who gave point 4 and 5 are agreed insured for each statement.

(a) Cultural Factor

Firstly, consumer buying decision is influenced by cultural factors which is the a set of basic values, behaviors learned by a member of a society and important institution as well as subcultures like nationalities, racial groups and geographical regions. Questionnaires are carefully considered to apply those facts for the respondents.

Table 4.11 Cultural Factors

No.	Statements	Mean	Standard Deviation
1	Business association requires all businesses to buy fire insurance	2.8644	1.04151
2	Because of certain geographic area, it's a culture that people buy fire insurance	4.0678	.69144
3	It is a norm that if you own business you need a fire insurance	3.4407	.91484
Overall Mean		3.4576	

Source: Survey results, 2019

According to the table (4.11), mean score of statement number 2 is 4.0678 which is the highest among the mean score of three statements; meaning, number 2 statement “Because of certain geographic area, it's a culture that people buy fire insurance” is the most influencing statements. For example if your business locates in a fire hazard area, you and your neighbors definitely must have a fire insurance. Second influencing statement is statement number 3 which has the mean score of 3.4407. The least influencing statement is statement number 1 which has mean score of just 2.8644. Overall mean score of cultural factor is 3.4576 which is between neutral and agree points. Therefore, we can confirm that cultural factor is one of the influencing factors towards buying decision of fire insurance.

(b) Social Factor

Secondly, consumer buying decision is influenced by social factors which includes religious groups, friends circle, neighbors, family as well as roles and status of a person in a society. Statements in table (4.12) reflects those factors for the respondents.

Table 4.12 Social Factors

No.	Statements	Mean	Standard Deviation
1	Business Partner encourages to buy fire and allied perils to protect the business.	2.4746	.50364
2	Try to buy from the same company that my friend has bought.	3.4746	.50364
3	It is a must to buy fire insurance to prevent the loss of family income.	4.2712	.51963
4	Consult an agent/advisor before making my final decision.	3.8475	1.27054
5	As GGI is one of the top insurance company in Myanmar, buying from them shows that you are in higher social class.	4.4915	.87834
Overall Mean		3.7119	

Source: Survey results, 2019

Results from table (4.12) shows that statement number 5 has the highest mean score of 4.4915, meaning that, the statement number 5 which says, “As GGI is one of the top insurance company in Myanmar, buying from them shows that you are in higher social class” is the most influencing statement in social factors. For example, if you own a Mercedes car, your role and status in the society is regarded as higher. It is closely followed by second influencing statement number 3 which has a mean score of 4.2712 and says “It is a must to buy fire insurance to prevent the loss of family income.” Third influencing statement is number 4 which has a mean score of 3.8475. Fourth and fifth mean scores are 3.4746 and 2.4746, statement number 2 and 1 respectively. Overall mean score of social factor is 3.7119 which is between neutral and agree points. Therefore, we can confirm that social factor is one of the influencing factors towards buying decision of fire insurance.

(c) Personal Factor

Thirdly, consumer buying decision is greatly influenced by personal characteristics which include age and lifecycle stage, occupation, economic situation, lifestyle and personality. Statements in table (4.13) reflects those factors for the respondents.

Table 4.13 Personal Factors

No.	Statements	Mean	Standard Deviation
1	Like to have economic independence	3.4746	.50364
2	Like to have adequate risk coverage	3.7288	.44839
3	Like to have peace and mental satisfaction	3.7797	.41803
4	Good business income lets the person to buy fire insurance	2.8136	.134516
Overall		3.4492	

Source: Survey results, 2019

By reviewing the results from table (4.13), statement number 3 has the highest

mean score of 3.7797, meaning that, the statement number 3 which says, “Like to have peace and mental satisfaction” is the most influencing statement among others. That statements clearly shows the personality as well as age and lifecycle stage of the respondents. It is very closely followed by the statement number 2 which has the mean score of 3.7288 which says “Like to have adequate risk coverage” also shows the lifestyle and personality of the respondents. The other mean scores are 3.4746 and 2.8136, the statement number 1 and 4 respectively. Overall mean score of personal factor is 3.4492 which is between neutral and agree points. Therefore, we can confirm that personal factor is one of the influencing factors towards buying decision of fire insurance.

(d) Psychological Factor

Finally, consumer buying decision is influenced by psychological factors which includes motivation, perception, learning, beliefs and attitudes. The statements in table (4.14) represents those factors in order to know the mind of the respondents.

Table 4.14 Psychological Factors

No.	Statements	Mean	Standard Deviation
1	GGI is one of the leading insurance company with a good reputation which is a strong point to attract customer	3.4746	.50364
2	Recognized the need of fire insurance and motivated to buy it	4.4746	.50364
3	It is a belief that you can stay without worries from the loss of fire	4.3220	.79742
4	GGI is a trustworthy company	2.7458	.86290
Overall		3.7542	

Source: Survey results, 2019

Results from table (4.14) shows that statement number 2 has the highest mean score of 4.4746, meaning that, the statement number 2 which says, “Recognized the need of fire insurance and motivated to buy it” is the most influencing statement among others. It clearly shows the motivation of the respondent. The statement

number 3 has the second highest mean score of 4.3220 and it says “It is a belief that you can stay without worries from the loss of fire” which is the second influencing statement of psychological factors. Statement number 1 and 4 have the mean score of 3.4746 and 2.7458 respectively. Overall mean score of psychological factor is 3.7542 which is between neutral and agree points. Therefore, we can confirm that psychological factor is one of the influencing factors towards buying decision of fire insurance.

4.4 Comparison of Overall Buyer's Characteristics on Consumer Buying Decision

The study summarized the overall consumer characteristics that affect on buying decision of insured in the following table (4.15). The following table compares the overall means scores of cultural, social, personal and psychological factors.

Table 4.15 Overall Buyer'Characteristics

No.	Buyer's Characteristics	Mean	Rank
1	Cultural Factors	3.4576	3
2	Social Factors	3.7119	2
3	Personal Factors	3.4492	4
4	Psychological Factors	3.7512	1

Source: Survey results, 2019

After reviewing the results of table (4.15), the most influencing factor on consumer buying decision of fire insurance is psychological factors which has the highest overall mean score of 3.7512. The second influencing factor is social factors which has the score of 3.7119. Third is cultural factors which mean score is 3.4576 and the fourth is personal factors which has the mean score of 3.4492. Although these factors are ranked, all of those factors are the Influencing Factors on Consumer Buying Decision of fire insurance.

CHAPTER (5)

CONCLUSION

This chapter describes the findings and discussions from the analysis of the influencing factors of customer buying decision on fire insurance and suggestions and recommendations for Grand Guardian Insurance (GGI). It is also included the limitations of the study and further study for the improvement of Grand Guardian Insurance.

5.1 Findings and Discussion

This study helps to understand the consumer buying decision process, thereby answering the questionnaires “why” and “how” a customer buys GGI insurance policy. A total of 59 business customers are being interviewed with structured questionnaires.

Data were analyzed from demographic characteristics first. From the primary data resulted by random assembly on the customer, Male customers were more involving than female customers in purchasing insurance. According to the data, largest number of respondents are aged between 31 to 40 assuming this age group bought more fire insurance than the other age group. In occupational level, largest number of respondents were business owners. Therefore one could assume that they care more about fire insurance than others. It was found that highest income respondents are more interested in fire insurance than other income level respondents. This study helped to find out which demographic characteristics of the customers are important and should be targeted by Grand Guardian Insurance to influence their buying decision.

One of the key challenges in GGI is customer's awareness of insurance products. This study found out that most of the customers have knowledge about fire insurance from their past experiences. Also most of them have their necessary information on social media.

Among the four factors of consumer characteristics, it was found that the most

influencing factor on customer buying decision is psychological factor. It is fair to say when you have a successful business and earning a lot of money, you naturally recognize the need and you are motivated in buying fire insurance in order to protect the financial loss in case of fire. In your mind, you can stay without worries from the loss of fire. As GGI is one of the leading insurance company with good reputation customers are psychologically attracted to the company.

Second influencing factor on customer buying decision is social factors. In every society, people are expected to perform their role and each roles carries a certain status that reflects the general esteem given to it by society. Buying an insurance from GGI reflects that you are in higher social status. Family is also very important in everybody's life and to buy a fire insurance to protect the family income is a sensibly thing to do for everybody. Sometimes people buy things that their friend buy and it is a normal customer's behavior.

Third influencing factor is cultural factors which is the a set of basic values, behaviors learned by a member of a society and important institution as well as subcultures like nationalities, racial groups and geographical regions. People of same culture do what the others do in that culture. Geographically, if your business locates in a fire hazard area, you and your neighbors definitely must have a fire insurance.

Fourth influencing factor is personal factors such as age and lifecycle stage, occupation, economic situation, lifestyle and personality. It is found that when you are in certain age, you like to have peace of mind and mental satisfaction. Other personality shows that they like to have adequate risk coverage.

This study helped to find out the importance of psychological, social, cultural and personal factors in influencing the customer buying decision of fire insurance GGI.

5.2 Recommendation

After the analysis of the data collected and review of the findings, it was found that the study served its purpose by achieving the objectives. The findings provided insight into discovering the factors which influence the customer buying decision of fire insurance GGI.

Although most of the customers know about the fire insurance products, there were still few percentage of customers who are not sure about fire insurance products. So, the company should make an effort to let those people more informed by advancing their appearance on social media which was found out to be most effective way the people got informed.

Also the company should emphasize to improve their already good image to become the better one in order to influence the psychology of customer by participating more in the socially responsible projects.

5.3 Limitation and Needs for Further Studies

This study only focuses on 59 customers who live in Yangon because of time and other resources. As a result, it is recommended that it should collect data based on extra customers to search more accurate data in further studies. The further studies can be carried out at a different location with a population composed of customers with a different cultural, demographic and social background. The study did not include comparison options, so future study can be done on comparing the customer choice for selecting the insurance company in order to see clearer picture of the role of Grand Guardian Insurance in competitive market environment.

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APPENDIX – 1

YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE (MBF) PROGRAMME

Influencing factors of customer buying decision on fire insurance in GGI

This questionnaire is purely for my MBF thesis about '**Influencing factors of customer buying decision on fire insurance in GGI**'. Please kindly and correctly answer the following questions. Thank you for your valuable time.

Part I. - Demographic Profile of Respondents

1. Gender	Code
Male	1
Female	2

2. Age	Code
30 and below	1
31 to 40	2
41 to 50	3
Above 50	4

3. Marital Status	Code
Single	1
Married	2

4. Education	Code
High school	1
Graduate	2
Post Graduate	3
Master	4

5. Occupation	Code
Own business	1
Manager of a company	2
Managing Director of a Factory	3
Other	4

6. Annual income	Code
Less than K 10,000,000	1
K 10,000,001 - K 20,000,000	2
K 20,000,001 - K 40,000,000	3
Above K 40,000,000	4

Part II. - Fire Insurance knowledge and information of Respondents

1. Do you have any knowledge about fire insurance products?	Code
Yes	1
No	2
May Be	3

2. For which property you hold fire insurance policy?	Code
Office Building	1
Warehouse	2
Factory	3
Mini mart	4
Car Showroom	5

3. Did you have any experience of buying insurance ?	Code
Yes	1
No	2

4. Sources of information about insurance	Code
Past experience	1
Family	2
Agents	3
Social Media	4

Part III - Influencing Factors on Buying Decision towards Fire Insurance

(a) Cultural Factors

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Business association requires all businesses to buy fire insurance					
2	Because of the certain geographic area, it's a culture that people buy fire insurance					
3	It is typical culture that if you own business you need a fire insurance.					

(b) Social Factors

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Business Partner encourages to buy fire and allied perils to protect the business.					
2	Try to buy from the same company that my friend has bought.					
3	It is a must to buy fire insurance to prevent the loss of family income.					
4	Consult an agent/advisor before making my final decision.					
5	As GGI is one of the top insurance company in Myanmar, buying from them shows that you are in higher social class					

(c) Personal Factors

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Like to have economic independence					
2	Like to have adequate risk coverage					
3	Like to have peace and mental satisfaction					
4	Good business income lets the person to buy fire insurance					

(d) Psychological Factors

No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	GGI is one of the leading insurance company with a good reputation which is a strong point to attract customer					
2	Recognized the need of fire insurance and motivated to buy it					
3	It is a belief that you can stay without worries from the loss of fire					
4	GGI is a trustworthy company					