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FACTORS AFFECTING OPERATIONAL PERFORMANCE OF INSURANCE COMPANIES IN MYANMAR

MYINT NAING
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ABSTRACT

Analyzing the variables influencing the operational performance of insurance businesses in Myanmar is the primary goal of this research. The study's goal is achieved via the use of quantitative research techniques and descriptive statistics. For the main data, 108 employees above manager level from a sample of 147 employees from 27 insurance businesses were chosen using a simple random selection technique. Instruments such as research questionnaires are used to gather data. In this study, six main independent variables as regulation, customer awareness, technological advancement, risk management, product development, and ethical operations, and dependent variables – operational performance. In this study, staff perception on factors affecting operational performance has high level of perception. The study found that customer awareness, technological advancement, product development, and ethical operations are statistically positive significant effect on operational performance. To enhance operational performance, businesses should focus on improving customer awareness, leveraging technological advancements, fostering product development, and optimizing their ethical operations. Customer awareness can be boosted through targeted marketing campaigns, educational content, and customer engagement initiatives. Moreover, Insurance companies in Myanmar should prioritize product development by investing in research and development (R&D) to innovate and meet evolving market demands. improving the organizational situation involves fostering a positive company culture, strong leadership, and efficient internal processes.

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Myint Naing
MBFII-39/3rd
MBF - 4TH Batch

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER (1)
INTRODUCTION

The code of Hammurabi, which the Babylonians sculpted into a stone monument and many clay tablets, is credited with originating the idea of insurance in 1750 B.C. During the late 1700s, colonial settlements were being created, exotic products were being sent back, and global transportation was just being started. Underwriting began in the London coffeehouse that served as the British Empire's unofficial stock market. A coffee shop that Edward Lloyd, later of Lloyd's of London, held served as the main gathering spot for ship owners, merchants, and other insurance seekers. (2023) Valorealm.com Through the process of insurance, losses incurred by a small number of people are shared and absorbed by a large number of people by way of premium contributions to a common pool. In actuality, insurance serves as a conduit through which the insured—the person seeking protection—transfers the financial weight of a tragedy to the insurer, who is ready to assume the risk or uncertainty. Insurance should only work efficiently, if there are large numbers of contributors to the common pool to compensate for the few losses from the pool. The larger number of contributors, the better the prediction or probability of risk exposure for prudent underwriting.

The insurance industry began operating in Myanmar in 1826. Following the first Anglo-Myanmar War, Western insurance companies began operating in Myanmar to offer insurance coverage for the European firms that had set up shop there. There were eighteen foreign insurance businesses operating in Myanmar between 1845 and 1897; in 1937, there were two indigenous insurance companies. The Burma National Insurance Co., Ltd. (mminsurance.gov.mm,2024) is a government-run insurance company that was founded by Sir U Thwin in his capacity as chairman.

The insurance business had to cease operations when World War II started. The Burmese War Risks (Life, Personal Accidents, and Property) Insurance Rules were imposed on January 1, 1943 by the second temporary government, which was given authority to rule on June 4, 1942. In 1947, the Burma (Government Security) Insurance Company Ltd reopened for business. National insurance firms began operations in 1948, including People's Insurance Co., Ltd. and the Burma Fire & General Insurance Company Ltd.

The Union of Insurance Board Law was passed in 1950, marking the beginning of government involvement in the insurance industry. Union of Insurance Board was established on March 1, 1952, after the nationalization of Burma National Insurance in line with the Insurance Company Nationalization Act.On March 1st, 1953, the Union of Insurance Board began to underwrite mandatory Government Service Personal Life Insurance and Military Personal Life Insurance. It directly underwrote the general insurance as of July 1st, 1957. The Life Assurance (Prohibition) Act was passed on January 1st, 1959, and as a result, government (U/B) and other insurance firms were not allowed to underwrite life assurance. It is declared that General Insurance could only be underwritten by the Union of Insurance Board.

The Union of Insurance Board was created as an insurance department and later became the People's Bank of the Union of Burma (PBUB), the only bank remaining when the banks merged in November 1969. Myanma Insurance Corporation became a distinct entity on April 1st, 1976, after the enactment of the Insurance Business Law of 1975 (Pyithu Hluttaw Law No. 10), and it underwrote insurance business extensively. ‘Myanma Insurance Corporation’ was named as ‘Myanma Insurance’ on 1st April, 1989. (mminsurance.gov.mm,2024)

In order to boost the investment required for the nation's economic growth, the Union Government authorized the long-delayed Liberalization Roadmap for the insurance sector in Myanmar in 2019. Currently, there are three non-life private sector insurers, three life insurers connected to international joint venture partners, and five foreign investment insurance businesses that provide 100% life insurance. Insurance market in Myanmar continued to show good growth even during the period of transactions and the uncertainty caused by COVID-19 pandemic.

In recent years, Myanmar has witnessed significant economic reforms, leading to a burgeoning insurance sector poised to play a pivotal role in the nation's financial landscape. As the country embraces market liberalization and foreign investment, understanding the operational performance of insurance companies becomes crucial for assessing their contribution to economic growth and stability. This thesis explores the multifaceted dimensions of operational performance within Myanmar's insurance industry, examining factors such as profitability, efficiency, risk management practices, and regulatory compliance. By delving into these aspects, this study aims to provide insights into the current state of the industry, identify challenges, and propose strategic recommendations to enhance the sector's sustainability and effectiveness in supporting Myanmar's broader economic objectives.

1.1 Rationale of the Study

Insurance can simply be described as risk transfer mechanism for individuals, families and businesses. The main purpose of insurance is to shield policyholders against the possibility of suffering a monetary loss as a result of an unexpected and unplanned catastrophe, such property loss from a fire or damage to a car from an accident. Participants contribute an equitable premium into a common pool where a claim of financial loss is made against the pool. Insurable Interest and Utmost Good Faith are essential legal principles for both insured and insurer.

In Myanmar after insurance market liberalization, insurance sector developed steadily, increased operational performance of insurance companies, in terms increasing revenue, creating job opportunities, supporting business activities. However, in General Insurance sector only 2.5 % of population in Myanmar have Insurance coverages and only 2 % have coverages in Life Insurance sector. Therefore, still a lot of unharvested opportunities for the development of insurance industry in Myanmar(Insurance News Letter ; Vol.7,2020).

Although insurance is pivotal role in mitigating risks and facilitating economic stability, the insurance sector grapples with challenges that hinder its optimal expansion and development. Economic fluctuations, characterized by interest rate volatility and market uncertainties, pose significant obstacles to sustained growth (Cummins & Weiss, 2009). Moreover, rapid advancements in technology have transformed industry operations, necessitating adaptation to remain competitive and meet evolving consumer expectations (Dionne & Harrington, 2017). Regulatory frameworks, although crucial for maintaining market integrity and consumer protection, often introduce complexities that impede operational efficiency and innovation (D'Arcy & Gorvett, 2002). Additionally, demographic shifts, such as aging populations and changing consumer preferences, present both opportunities and challenges in terms of product demand and distribution channels (Garven & Lamm-Tennant, 2010).

Understanding the intricate interplay of those factors and their specific impact on operational growth within the insurance industry is imperative for stakeholders across the sector. Despite industry players addressing various aspects of the insurance industry, there remains a gap in comprehensive research that systematically examines these influences and their implications for operational expansion.

The operational performance of insurance companies in Myanmar is influenced by multifaceted factors that shape their efficiency, profitability, and competitiveness in the market. This thesis seeks to explore and analyze these factors comprehensively to provide insights into enhancing operational effectiveness within the country's unique socio-economic and regulatory context. By examining the interplay of regulatory frameworks, technological advancements, market dynamics, human resource capabilities, and customer expectations, this study aims to contribute valuable perspectives on optimizing operational strategies for insurance companies in Myanmar.

Therefore, this study aims to investigate the primary factors influencing the operational performance of insurance companies, and how to manifest in different market conditions. This study emphasizes the major influencing factors such as reliable regulations, customer awareness, technological advancements, capable risk management, product development, organization situation, etc. and including necessary action plans and recommendations for sustainable growth of insurance industry in Myanmar.

1.2 Objective of the Study

The objectives of the study are as follow:

(1) To identify the factors affecting operational performance of insurance companies in Myanmar.

(2) To analyze the factors affecting operational performance of insurance companies in Myanmar.

1.3 Scope Method of the Study

This research examined the variables influencing the operational performance of insurance businesses in Myanmar, with a focus on the country's total insurance sector. the conclusions made using quantitative research techniques and descriptive statistics. Both primary and secondary data are employed in this research in order to achieve its goals. Surveys using questionnaires are the research strategy used in this study to gather primary data. 108 above-supervisor personnel from 27 insurance businesses were chosen at random. The formula developed by Taro Yamane in 1967 is used to calculate sample size. As a result, using a simple random selection technique, 108 workers from 147 employees across 27 insurance firms make up the sample group. In order to gather primary data, a "structured questionnaire with 5-point Likert Scale" was used. Conversely, secondary data will be analyzed using "Regression Analysis" and will come from prior research papers, pertinent textbooks, periodicals, company websites, and industry data from the Insurance Business Regulatory Board (IBRB), Myanmar Insurance Association (MIA), Financial Regulatory Department (FRD), and Insurance Regulatory Department (FRD).

1.4 Organization of the Study

There are five chapters in this work. The introduction, justification for the investigation, goal, scope, methodology, and structure of the research are all included in Chapter 1. The notion of operational performance, elements influencing operational performance, the study's conceptual framework, prior research, and background theory are all covered in Chapter 2. Chapter Three provides background information on the insurance industry in Myanmar, as well as details on the country's insurance market, regulations and supervision, and variables that impact the way insurance businesses in Myanmar operate. The examination of the factors influencing the operational performance of insurance businesses in Myanmar is presented in Chapter 4. Lastly, Chapter Five summarizes with conclusion, finding and discussions, suggestions & recommendations, need for further study.

CHAPTER (2)
THEORITICAL BACKGROUND

The theoretical underpinnings of operational performance and affecting variables are covered in this chapter. The study's background hypothesis was covered in the part that followed. The last part included a description of earlier research as well as the study's conceptual framework.

2.1 Concept of Operational Performance

Operational Performance is a fundamental objective for businesses seeking to expand their market presence and increase profitability. This concept encompasses the strategies and initiatives implemented by organizations to enhance their efficiency, productivity, and overall performance in core operational areas (Slack, Brandon-Jones, & Johnston, 2019). By focusing on operational performance, companies aim to optimize processes, utilize resources more effectively, and capitalize on opportunities for revenue generation.

One key aspect of operational performance involves streamlining internal processes and workflows to eliminate inefficiencies and enhance productivity. This may include adopting lean management principles, implementing automation technologies, and reengineering business processes to reduce waste and enhance overall efficiency. By optimizing operations, organizations should improve their ability to meet customer demands, fulfill orders promptly, and deliver products or services with greater speed and consistency (Chase, Jacobs, & Aquilano, 2018).

Moreover, operational performance often entails investing in infrastructure, technology, and human capital to support expansion and innovation. This may involve upgrading equipment, implementing new software systems, and providing employees with training and development opportunities to enhance their skills and capabilities (Stevenson & Hojati, 2020). By investing in the right resources, businesses should strengthen their competitive position, drive innovation, and adapt to evolving market trends and customer preferences.

Furthermore, operational performance involves strategic decision-making and proactive management of resources to capitalize on growth opportunities and mitigate risks. This may include expanding into new markets, diversifying product offerings, or pursuing strategic partnerships and alliances to access new customers and distribution channels. By taking a proactive approach to growth, organizations should position themselves for long-term success and sustainability in an increasingly competitive business environment (Ritzman & Krajewski, 2018).

In conclusion, operational performance is a multifaceted concept that encompasses various strategies and initiatives aimed at enhancing efficiency, productivity, and overall performance. By prioritizing operational excellence and continuously striving for improvement, businesses should drive sustainable growth, create value for stakeholders, and achieve their long-term objectives.

2.2 Factors Affecting Operational Performance

The operational performance is influenced by various interrelated factors that determine their efficiency, profitability, and sustainability. The operational performance of insurance companies is significantly influenced by factors such as reliable regulation, customer awareness, technological advancement, risk management, product development, and ethical operations.

Regulation refers to the establishment and enforcement of clear, consistent, and fair rules by governing bodies to ensure the stability and integrity of the insurance market. These regulations help to create a level playing field, mitigate risks, and build public trust. For instance, the Solvency II Directive in the European Union requires insurers to maintain adequate capital to reduce the risk of insolvency, thereby protecting policyholders and enhancing market confidence (European Commission, 2020). Furthermore, stringent regulatory oversight helps prevent fraudulent activities and promotes ethical practices, which are crucial for the sustainable operation of insurance firms (Cummins & Weiss, 2014).

Customer awareness is another critical factor that affects the operational performance of insurance companies. When customers are well-informed about the various insurance products, their benefits, and the associated risks, they are more likely to make informed decisions, leading to higher satisfaction and retention rates. Effective customer awareness programs and transparent communication strategies should bridge the information gap, fostering trust and loyalty. Homburg, Klarmann, and Staritz (2012) indicated that customers who have a clear understanding of insurance products are more inclined to renew their policies and recommend the insurer to others, contributing to the company’s growth and profitability. Moreover, customer awareness initiatives should enhance the perceived value of insurance, encouraging broader market penetration and improved financial performance (Matsatsinis, 2010).

Technological advancement plays a key role in enhancing the efficiency and effectiveness of insurance operations. The adoption of technologies such as artificial intelligence (AI), big data analytics, and blockchain has revolutionized the insurance industry by enabling more accurate risk assessment, streamlined claims processing, and improved customer interactions. For example, AI-driven algorithms should analyze vast amounts of data to identify fraud patterns and predict customer behavior, thereby reducing operational costs and enhancing service delivery (PwC, 2017). Blockchain technology, with its decentralized and secure nature, should ensure transparent and tamper-proof record-keeping, further boosting operational efficiency (PwC, 2017).

Risk management is another crucial factor to sustain operational performance of insurance companies. Effective risk management practices are essential for insurance companies to identify, assess, and mitigate various risks, including underwriting, market, and operational risks. Companies that implement robust risk management frameworks are better positioned to handle market volatility and unexpected financial challenges. According to Cummins and Weiss (2014), strong risk management practices contribute to financial stability and help maintain the trust of policyholders and stakeholders.

Product development also significantly impacts the operational performance of insurance companies. The ability to innovate and develop new insurance products that meet the evolving needs of customers is vital for staying competitive in the market. Companies that invest in research and development should offer customized and relevant insurance solutions, thereby attracting and retaining customers. As noted by Homburg, Klarmann, and Staritz (2012), product innovation should drive customer satisfaction and loyalty, which are critical for long-term success.

Ethical operations, including the company's culture, structure, and management practices, affects its operational performance as well. A well-structured organization with clear roles, efficient processes, and a positive work culture should enhance employee productivity and morale. Effective leadership and management practices are essential for driving strategic initiatives and fostering an environment of continuous improvement. Studies have shown that companies with strong organizational frameworks tend to perform better operationally and financially (Homburg, Klarmann, & Staritz, 2012).

Therefore, regulation, customer awareness, technological advancement, risk management, product development, and ethical operations are fundamental factors that influence the operational performance of insurance companies. Reliable regulation and customer awareness factors not only ensure compliance and risk mitigation but also drive customer satisfaction and market expansion, ultimately fostering a robust and thriving insurance industry. By excelling in these areas, insurance firms should achieve operational excellence, maintain a competitive edge, and ensure sustainable growth.

2.3 Background Theory of the Study

The operational performance of the insurance companies is influenced by various factors and background theories that should be categorized into internal and external determinants. Some key theories that help explain the Operational Performance of Insurance Industry:

(a) Regulatory Environment Theory

The regulatory framework governing the insurance industry significant affects its growth. Regulations should either facilitate or hinder market entry, product innovation, and competition. Proactive and supportive regulations should encourage new entrants, foster innovation, and ensure fair competition, contributing to the overall growth of the industry.

The regulatory environment theory by George Stigler in 1971explored how regulations influence industries, shaping their operational practices and strategic decisions. This theory suggests that regulatory agencies may become overly influenced or controlled by the industries they are meant to regulate, potentially leading to regulations that serve industry interests over public welfare. Conversely, regulatory frameworks are also designed to prevent such capture through transparency, accountability mechanisms, and periodic reviews of regulatory effectiveness.

In the context of insurance companies, regulatory frameworks are pivotal in ensuring consumer protection, financial stability, and market integrity. These regulations encompass a spectrum of concerns, from solvency requirements and capital adequacy standards to consumer rights and market conduct guidelines. The theory posits that regulatory bodies, such as insurance regulators and governmental agencies, play a crucial role in balancing industry growth with safeguarding public interests.

Understanding and navigating the regulatory environment is essential for insurance companies to ensure compliance, manage operational risks, and maintain trust with stakeholders. By adhering to regulatory standards and engaging constructively with regulatory bodies, insurers should not only mitigate legal and reputational risks but also foster a conducive environment for sustainable growth and responsible business practices.

(b) Technology Advancement Theory

The integration of technology into the insurance industry, known as insurtech, plays a crucial role in operational performance. This includes the use of data analytics, artificial intelligence, and digital platforms. Technological advancements enhance efficiency, reduce costs, and enable insurers to develop new and innovative products, reaching a broader customer base.

Technology Advancement Theory, as proposed by researchers such as Carlota Perez and Joseph Schumpeter, posits a cyclical model of technological change characterized by phases of innovation and adoption. Perez, in her influential work "Technological Revolutions and Financial Capital," describes how technological revolutions unfold in distinct waves, starting with a period of technological inception driven by breakthrough innovations. These innovations then undergo a phase of rapid deployment and societal integration, transforming industries and economies. Schumpeter's theory of creative destruction complements this framework by emphasizing how disruptive technologies create new opportunities while displacing existing economic structures. Together, their theories illustrate the dynamic interplay between technological innovation, economic development, and societal change, providing insights into how societies should navigate and harness the benefits of technological progress (Perez, 2002; Schumpeter, 1942).

(c) Risk Management and Resilience Theory

The insurance industry's growth is closely tied to its ability to effectively manage and underwrite risks. A strong risk management culture contributes to the industry's resilience and growth. Insurers that excel in risk management are better positioned to handle catastrophic events, economic downturns, and other challenges, leading to sustained growth.

Risk management and resilience theory play crucial roles in shaping the operational strategies of insurance companies, ensuring they should navigate uncertainties and maintain stability in dynamic environments. A methodical strategy to detecting, evaluating, and reducing risks that could have an effect on the company's reputation, operational effectiveness, or financial stability is known as risk management. Frameworks like the Enterprise Risk Management (ERM) framework, which was created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to improve overall organizational resilience, serve as a guide for this strategy (COSO, 2017).

Resilience theory complements risk management by focusing on an organization's ability to adapt and recover quickly from disruptions. Drawing from theories like the Adaptive Cycle Theory proposed by C.S. Holling, resilience theory suggests that organizations, including insurers, should not only anticipate and manage risks but also build flexible structures and processes that enable them to absorb shocks, adapt to changes, and bounce back stronger (Holling, 1973). By applying these theories, insurance companies should proactively manage risks while fostering a culture of resilience, thereby ensuring sustainable performance and maintaining stakeholder trust even in challenging times.

(d) Environmental, Social and Governance (ESG) Theory

Environmental, Social, and Governance (ESG) Theory has gained prominence in the realm of corporate governance and investment strategies, emphasizing the integration of sustainability factors into business practices. This approach posits that companies that effectively manage ESG issues tend to perform better financially over the long term, while also contributing positively to society and the environment. The theory underscores the importance of considering environmental impact (E), social responsibility (S), and governance practices (G) in evaluating corporate performance and risk management.

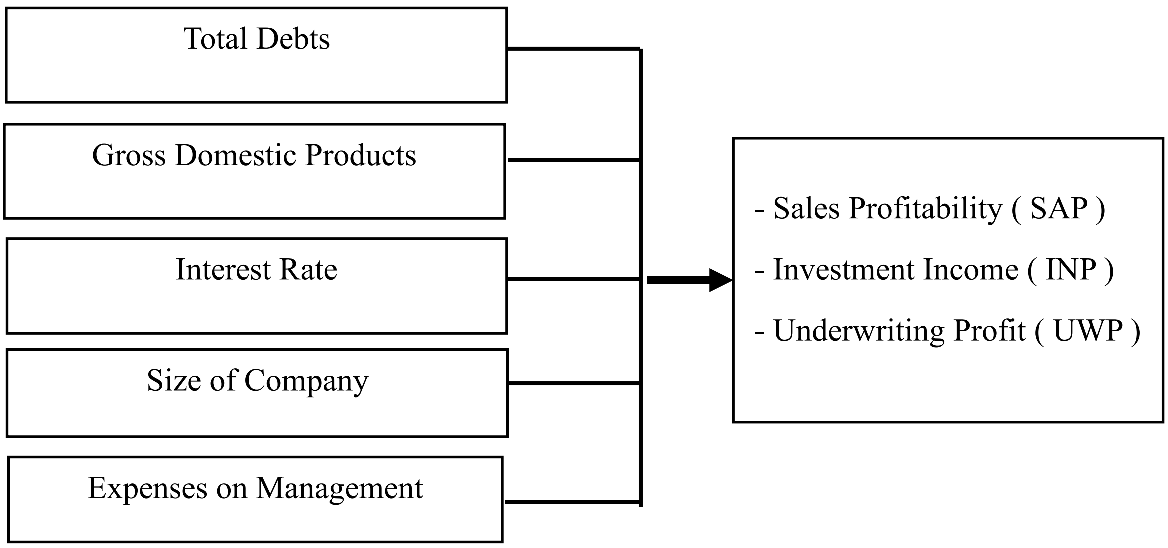
Increasing awareness of environmental, social, and governance issues is influencing insurance industry practices. Companies adopting sustainable and socially responsible policies may attract more customers and investors. Insurance companies that integrate ESG considerations into their operations may gain a competitive advantage, as consumers and investors prioritize ethical and responsible business practices.

These theories are interconnected, and the operational growth of the insurance industry often results from a combination of these determinants. Adapting to changes in the economic, regulatory, technological, and social landscapes is crucial for insurers aiming for sustainable growth.

2.4 Previous Studies

Shawar & Siddiqui (2019) defined the factors affection financial performance in Pakistan's insurance companies. This research looked at Pakistani insurance firms' financial performance metrics. While sales profitability (SAP), investment income (INP), and underwriting profit (UWP) were taken as proxies for financial performance, gross written premium (GWP), claim (CLM), reinsurance (Rei), management expenditure (MGE), interest rate (IR), size (SIZ), leverage (LEV), and real GDP (RGDP) were taken as factors (independent variables). Five insurance companies' worth of data were selected, with the years 2013 through 2017 covered. Panel regression analysis of the data was done.

Figure (2.1) Factors Affecting Financial Performance

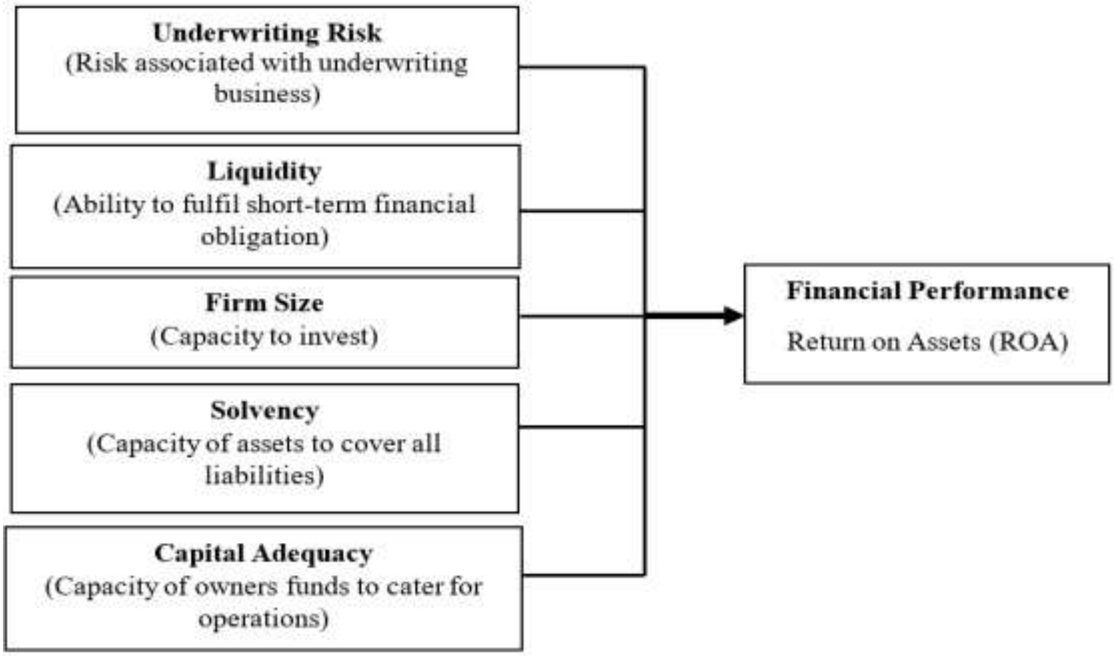


Sources: Shawar, K., & Siddiqui, D. A. (2019).

The results of this research demonstrated that all three profitability measures are significantly impacted by the gross written premium. Sales and investment profit are negatively impacted by the company's larger size. Furthermore, there is little correlation between the GDP, reinsurance, claims, interest rate, and management expenditures and the three profitability metrics. Therefore, variables that might raise premiums should get greater attention if the insurance market in Pakistan is to perform better financially and operationally. Factors affecting life insurance financial performance were defined by Kimani, P. G. (2023).

The theory of asymmetrical information serves as the study's fundamental theory, with additional theories for particular variables including the theory of liquidity preference, the resource-based perspective, and the pecking order theory. Thirty-one general underwriters were the focus of the investigation. Data was gathered between 2019 and 2023, a span of five years. A panel data set was built using the observations spanning seven years. Panel estimate was the approach used for data analysis.

Figure (2.2) Factors Affecting Financial Performance



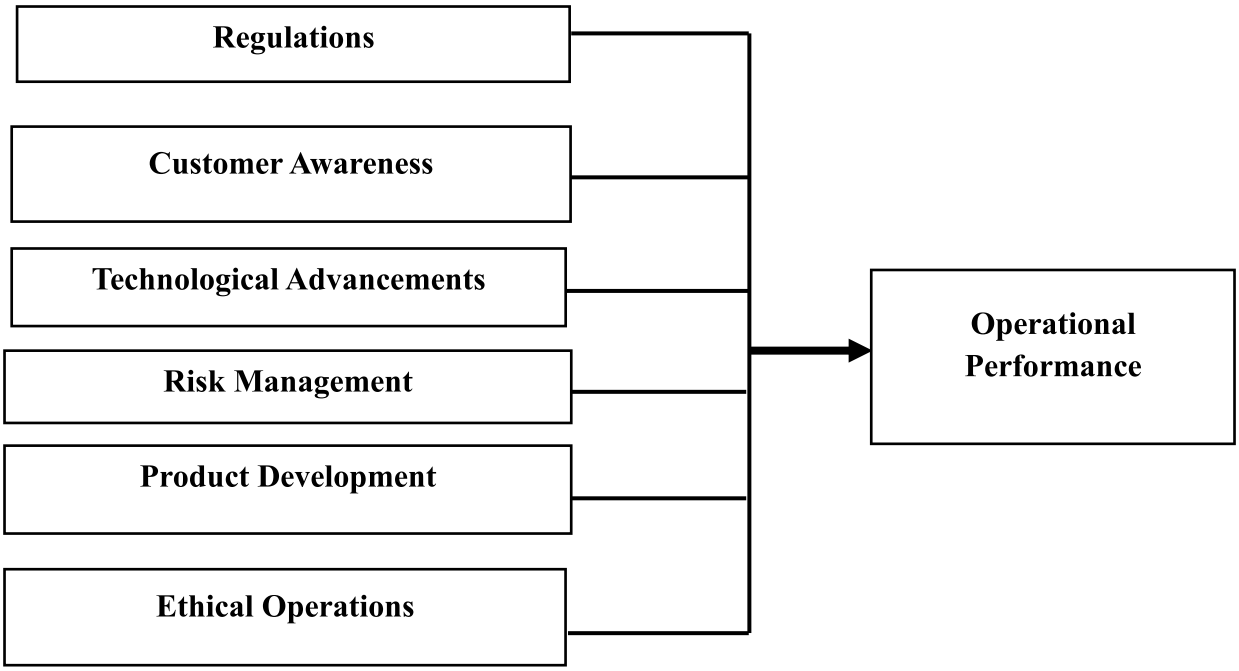
Source: Kimani, P. G. (2023).

According to the study's findings, underwriting risk and solvency are the two main factors influencing the financial performance of insurance businesses in Kenya. Return on assets was significantly and negatively impacted by underwriting risk. Additionally, solvency was demonstrated to considerably improve insurance businesses' financial performance. Furthermore, the research found that capital sufficiency and liquidity had a negative and substantial impact on Kenyan insurance businesses' financial performance. Last but not least, the financial performance of Kenyan insurance businesses was favorably and considerably impacted by company size.

2.5 Conceptual Framework of the Study

There are many papers that analysis on influencing factors affecting operational growth in insurance industry performance. Among them, thesis research of Shawar & Siddiqui (2019) and Kimani, P. G. (2023) were the main references for this study.

Figure (2.3) Conceptual Framework of the Study



Source: Own Compilation, 2024

Working Definitions

Regulations: Regulations are rules or directives made and maintained by an authority to manage and govern conduct within specific fields or industries. Regulations can be issued by government bodies, regulatory agencies, or other authoritative organizations and they often carry legal force, meaning non-compliance can result in penalties or other legal consequences.

Customer Awareness: Customer awareness and trustworthiness are vital components of a successful and sustainable business, especially in the insurance industry where customers rely on companies to protect their financial well-being.

Technological Advancements: Technological advancements play a pivotal role in shaping the insurance industry, transforming traditional practices and opening up new opportunities for innovation, efficiency, and customer engagement.

Risk Management: Risk management is the process of identifying, assessing, and controlling threats to an organization's capital and earnings. The primary goal of risk management is to minimize the negative impact of these risks by implementing strategies and measures to mitigate or eliminate them.

Product Development: Product development is defined as the process of creating or improving products or services that a company offers to its customers. Product development involves various stages from conception to market launch and may encompass research, design, testing, and refinement. The major goal is to meet customer needs, enhance market competitiveness, and achieve business objectives through innovation and effective execution.

Ethical Operations: Ethical operations refer to conducting business activities in a manner that aligns with principles of integrity, honesty, fairness, and social responsibility. Ethical behavior extends beyond mere compliance with laws and regulations to encompass a commitment to moral values and ethical standards that guide decision-making and actions within an organization.

Operational Performance: Operational performance refers to the effectiveness and efficiency with which an organization conducts its business processes to achieve its objectives.

CHAPTER (3)
OVERVIEW OF MYANMAR INSURANCE INDUSTRY

The overview of the insurance industry in Myanmar is covered in this chapter, along with general information about the sector, the insurance market in Myanmar, regulation and supervision, the roles of the Myanmar Insurance Association, and factors influencing the operational performance of Myanmar's insurance companies.

3.1 General Information of Myanmar Insurance Industry

The evolution of Myanmar's insurance market reflects a complex journey marked by significant regulatory shifts and adaptations to economic and political changes over the decades. Beginning with the establishment of European insurance companies in 1826 to cater to the needs of resident Europeans, the market expanded following British annexation in 1852, which led to the creation of a local insurance sector serving foreign soldiers, merchants, and missionaries. When Burma gained its independence in 1948, well over a hundred international insurers coexisted with two local businesses. Burma National Insurance, one of the latter, was eventually nationalized and reorganized as the Union Insurance Board in 1952.

The nationalization process continued in 1963 when all 78 foreign insurance companies were taken over, establishing a state monopoly on insurance under the State-Owned Economic Enterprises Law in 1989. Despite this monopoly, the Myanmar Insurance Law of 1993 transformed Myanma Insurance into a state-owned enterprise, paving the way for the Insurance Business Law of 1996, which introduced a framework for private sector participation. This led to the granting of licenses to new private insurers in 2013, marking a significant milestone in the liberalization of Myanmar's insurance market.

Subsequent years saw further reforms, including the establishment of the Insurance Business Regulatory Board in 2014 and the allowance for private insurers to write most non-life classes and implement reinsurance programs in 2020. These reforms aimed to modernize the sector, attract foreign investment, and enhance the industry's capacity to meet growing demand. Today, Myanmar's insurance market continues to evolve amidst ongoing regulatory adjustments and increasing participation from both domestic and international insurers, positioning itself for further growth and development in the region.

Myanmar's insurance industry has undergone significant transformation and growth in recent years, reflecting broader economic reforms and increasing openness to foreign investment. Historically dominated by state-owned Myanma Insurance, the sector has evolved with the introduction of private insurers since 2013. As of now, Myanmar's insurance market encompasses both life and non-life insurance segments, with a diverse range of products and services offered to cater to the needs of individuals, businesses, and sectors such as agriculture and construction.

The regulatory framework governing the industry has also seen substantial updates to facilitate market liberalization and enhance consumer protection. The Insurance Business Regulatory Board (IBRB), established in 2014, oversees industry supervision and sets guidelines for insurers and brokers operating within Myanmar. These reforms have attracted international insurers and brokers to establish representative offices, contributing to the industry's modernization and capacity-building efforts.

Challenges persist, including the need for infrastructure development, regulatory clarity, and expanding insurance penetration among the population. Efforts to address these challenges include ongoing reforms, collaborations with international partners, and initiatives to educate the public about the benefits of insurance. Looking ahead, Myanmar's insurance industry is poised for further growth, supported by a favorable regulatory environment and increasing demand for insurance products amidst the country's economic development and integration into the global economy.

3.2 The Insurance Market in Myanmar

With a large portion of the population living in poverty, Myanmar's insurance sector is still tiny and underdeveloped. Myanmar's life market improved from number 157 in 2013 to rank 131 in 2018 on the Global Statistics list of premium income, which was created between St. Lucia and Mali. Natural resource wealth and enormous economic development potential characterize Myanmar. The Myanmar Insurance Association (MIA) offers figures that show how rapidly the insurance business has been growing. For MIA members, it has been supplying the most trustworthy industry statistics. Around 94% of the projected MMK 27.72 billion (USD 19.38 million) in life market total premiums in 2018 were linked to group or affinity business, with the remaining portion being individual life.

The measures implemented by the Myanmar government to contain the spread of COVID-19, together with the weakening world economic growth, significantly impacted all sectors of Myanmar's economy. Real GDP growth for the year ending September 2020 was estimated at around 1.3%, compared to 6.8% in the previous year. Although life premium growth in USD as reported by local sources of some 5% for the 2019-20 year appeared respectable, preliminary exchange rate figures for 2020 translated it to a reduction of 7.1% in local currency (MMK). In 2020-21 the economy was expected to recover, although forecasts before the military coup in February 2021 of GDP growth of 5.7% were subsequently reduced to 0.2%.

The majority of life business likely still pertains to insurances protecting military personnel issued by Aung Myint Moh Min Insurance Co., Ltd., a life insurer that is a member of the military-controlled conglomerate MEC, even though no statistics by various life products have been released in recent years. As of right now, Myanma Insurance is the only other company that writes both the mandatory insurance for public employees and insurances for the military.

3.2.1 Life Insurance Market Summary and Trends

Myanmar is in principle a free-rated market without statutory tariffs, although all rating systems must be submitted to the FRD. There was until 2020 little or no divergence by private insurers from MI's long-established rates for the limited number of classes in which they were allowed to compete, which meant those rates effectively constituted a tariff. Private insurers should now file their own products for most life classes and all health ones: from October 2020 they were also allowed for the first time to set up reinsurance programmes so that divergence from standard market rates may well increase.

The five foreign life insurance companies allowed to operate with 100% subsidiaries since 2019 (Chubb, Prudential, AIA out of Hong Kong, Japan's Dai-ichi and Shouldada's Manulife) have reportedly begun their operations at their own different paces, while three others are now joint ventures, with foreign partners allowed up to 35% in companies now trading as follows: CB Life (with Thai Life as partner); Capital Taiyo Life Insurance/CTLI (with participation of the Japanese Taiyo Life Insurance Co) and GGI Nippon Life (also with Japanese partner Nippon Life

Insurance Co). Of the nine remaining life companies other than composite MI, Aung Thitsa Oo Life Insurance Co., Ltd. is like Aung Myint Moh Min, part of MEC, while at least two of the others (First National Insurance (Life) Co Ltd/FNIL and Global World Life Insurance Co Ltd) had reached advanced stages of negotiations with foreign partners but failed to conclude agreements before splitting their operations into life and general (non-life including PA and healthcare) companies.

A Social Security Board will be tasked with overseeing the social security system, which includes an old age pension benefit that has not yet been established and survivor benefit insurance, under the provisions of the Social Security Law 2012 and the related Social Security Rules, which went into effect on April 1, 2014. Because much of the labor market is informal and there is a cheap and plentiful labor pool, the idea of private pensions and other forms of employee benefits has not taken off.

3.2.2 General Insurance Market Summary and Trends

In theory, Myanmar has no statutory tariffs and is a free-rated market; nonetheless, all rating systems have to be reported to the FRD. Rating for motor and fire, and their respective policy wordings, have been reviewed by the relevant MIA General Insurance sub-committee advised by consultants from the Japanese market association. It is understood that a submission by the MIA for a standard market comprehensive motor wording with significant increases in rates and deductibles (as well as liability limits) was approved for use from 21 April 2021 by the private sector and Myamna Insurance (MI).

There had until 2020 been little or no divergence by private insurers from MI's long-established rates for the limited number of classes in which they were allowed to compete, which meant those rates effectively constituted a tariff. With the number of classes private insurers should write extended to cover most non-life ones in 2019 and 2020, when they were also allowed for the first time to set up reinsurance programmes, individualized filings of products and rates should increase.

While minimum rates were formerly set by the regulator for industrial all risks (IAR) and contractors' all risks (CAR) covers in the country's Special Economic Zones (SEZs), under *Directive* No 6/2020 of 12 May 2020 from 1 October of that year these classes may now be written by all private sector insurers anywhere in

Myanmar including the SEZs, under terms and rating schedules to be filed and approved by the FRD in line with *Directive* No 3/2020 of 4 March 2020.

3.2.3 Compulsory General Insurances

List of Compulsory Non Life Insurances in Myanmar are;

- Motor third party liability.
- General liability for organizations which could cause damage to state or public life or property.
- Professional indemnity for insurance brokers.
- Any holder of a permit to operate a facility which may cause environmental damage must have insurance to cover any accident which affects the environment.
- Personal accident insurance for motor vehicle passengers on trips of 100 miles (161 km) or more.
- Shipowners' liability for marine oil pollution (financial guarantee or insurance) Various non-life insurances for licensed foreign investors.

3.2.4 Supplementary Information on Compulsory Insurances

- Third Party Liability insurance for all motor vehicles.
- General Liability insurance for any organization which may cause loss to state-owned property, damage to life and property of the public or pollution to the environment, as determined by the Ministry of Finance from time to time.

The statutory limits for motor third party liability insurance are detailed in the Motor section of this report. The requirement for organizations to effect general liability insurance was qualified by a proviso that the ministry may ".... determine from time to time the entrepreneurs or organizations which are to effect compulsory general liability insurance"; as far as could be ascertained, no such requirements have ever been implemented.

According to Article 13 of the 1997 Insurance Business Rules, an insurance broker must be instructed by the regulator to arrange professional indemnity insurance in local or foreign currency at a rate that is periodically fixed. To yet, no specific number seems to have been specified, and the need is academic until any local insurance agents get a license.

The Environmental Conservation Law of 30 March 2012 states in *Articles* 26 and 27 that any holder of a permit to operate a facility which may cause environmental damage must have insurance to cover any accident which affects the environment. Neither the law nor the *Environmental Conservation Rules* of 5 June 2014 specify the exact nature of the required insurance or any minimum limits of cover. At present, such a policy should only be offered by Myanma Insurance.

While it does not feature in insurance laws, it is understood that as a consequence of the high number of fatalities on the country's roads the insurance regulator introduced in 2014 a requirement for per-trip accident insurance for passengers in motor vehicles travelling more than 100 miles (161 kilometers).

Article 73 of the *Myanmar Investment Law* (MIL) of 18 October 2016 repeated provisions in earlier (1988 and 2012) foreign investment laws requiring economic organizations formed under an MIL permit to effect insurances stipulated in the rules to the law with any authorized local insurer. *Article* 212 of the *Myanmar Investment Rules* effective 30 March 2017 under *Notification* No 35/2017 listed the following types of insurance: property and business interruption, engineering, professional liability, professional accident, marine insurance and workers' compensation. There is a complex position on workers' compensation and whether insurance is strictly compulsory or whether there is only strict liability for employers to compensate their employees.

3.2.5 Distribution Channels

Distribution is directly with customers or via agents, of which some 15,000 individual agents may be authorized though only a small percentage are said to be active. Directives improving the registration process for individual agents and introducing the concept of corporate ones, and on bancassurance, were issued in 2020. There are as yet no locally authorized insurance brokers, though proposals are expected at some point to allow foreign ones to operate in joint ventures with local partners.

While several private insurers also have locations outside of Yangon, Myanma Insurance sells directly to customers via branch offices spread around the nation. As a number of them are part of groups which also own banks and motor dealers, their products may be targeted directly at their parent companies' customers.

Although there aren't any at the moment, local laws allow insurance agents to be licensed. Based on the experience of insurers, a number of international brokers maintain local representative offices, which may be a necessary step toward gaining the ability to operate independently in the future or as partners in joint ventures with local interests. The lack of local brokers to collaborate with is one of the issues faced by overseas brokers in this respect. The existing representative offices may service accounts for clients from abroad and locally target other foreign interest groups, but they are not permitted to function as brokers.

It is not feasible to provide a trustworthy and thorough breakdown of non-life revenue by channel in the absence of available data that breaks down income between distribution channels or even a comprehensive breakdown of premiums by insurer or line of business. Once brokers should formalize their participation in major accounts their share of the market could rise very quickly from zero to a sizeable percentage. The primary sources of business in the interim are direct business, agents, and banks, however each firm determines how important each is in relation to the others. Myanma Insurance's major channel is understood to be direct, while that of leading private insurer KBZ MS is probably through its sister company the KBZ bank, Myanmar's largest. KBZ MS and the other two joint ventures founded in 2019, GGI Tokio Marine and AYA SOMPO, may receive referrals of business from their Japanese partners, which were previously authorized to write covers in Special Economic Zones in their own names.

While all the private companies have a slightly different distribution balance, most used in-house sales teams for "direct" business, on a salaried basis rather than commission, with a production bonus structure. This may have changed from 2020 onwards with clearer definition of the roles and licensing processes for agents mentioned above.

3.3 Factors Affecting Operational Performance of Insurance Companies in Myanmar

In this section presents factors affecting operational performance of insurance companies in Myanmar such as Regulations, Customer Awareness, Technological Advancements, Risk Management, Product Development, and Ethical Operations, Etc..

A nation's population should have access to all necessary economic resources, and their everyday lives should not be disrupted by fluctuations in the economy. This is why economic stability is a crucial component of any company. It contributes to the accomplishment of macroeconomic goals including balanced budgets, price stability, jobless reduction, and long-term economic expansion. Through inflation, deficits, recessions, political unrest, and policy changes, economic disruptions affect the stability of the economy. Consequently, in order to maintain an economy's stability and growth, the government continuously oversees it and removes any aberrations. The GDP, the budget deficit, interest rates, consumer prices, etc. are examples of common indicators.

3.3.1 Regulations

Regulations within Myanmar's insurance industry are crucial for ensuring market stability, protecting consumers, and promoting fair practices in a rapidly evolving sector. An important part of regulating the sector is the Myanmar Insurance Business Regulatory Board (IBRB), which was founded under the Ministry of Planning, Finance, and Industry. Key regulations mandate that insurance companies maintain sufficient capital reserves, adhere to solvency standards, and meet strict reporting requirements to ensure their financial stability (IBRB, 2020). The regulatory framework also emphasizes transparency and consumer protection, requiring insurers to provide clear and accurate information about their products and services to prevent misleading practices (DICA, 2020).

Furthermore, anti-money laundering (AML) and countering the financing of terrorism (CFT) are two aspects of Myanmar's insurance rules that need strong internal controls and reporting processes in order to identify and stop unlawful activity (Asia Insurance Review, 2019). With the recent liberalization of the insurance sector, allowing foreign insurers to operate in the country, the regulatory environment has been continuously updated to address new risks and ensure a level playing field for both domestic and international players (Oxford Business Group, 2020). These regulations are essential for fostering trust, enhancing consumer confidence, and promoting sustainable growth in Myanmar's insurance industry. Myanmar's legal system is extensive, well-established, and deeply ingrained. The criminal and civil laws of Myanmar are mostly based on British law that was established during the country's colonial era, which ended in 1948. Common law concepts are implemented via legislation.

The legal system of Myanmar is composed on codified English, Indian, and Burmese common law, traditional family law, and later Myanmar legislation. The pre-independence Indian legislation, such as the Contract Act, Negotiable Instruments Act, Trusts Act, Sale of Goods Act, Companies Act, Arbitration Act, and the Civil and Criminal Procedure Codes, established the concepts of English common and statutory law.

The Consumer Protection Law of 15 March 2019 (Law No 9/2019), repealing and replacing one from 2014, includes provisions on consumers' rights to proper information, safety and protection against hazardous goods. It provided for the establishment of a government Consumer Protection Commission which would have powers ranging from mediation to enforcement of compensation in the event of breaches of the legislation.

Although insurance policies have an arbitration provision, there isn't a formal process for resolving disputes informally. The Japan International Cooperation Agency (JICA) collaborated with the Supreme Court to establish a trial program for court-led mediation in two district courts and two township courts in March 2019. The success of the scheme led to its extension to other townships beyond the planned year of operation, with the promise of countrywide testing before it would be formally implemented.

Detailed reports of the level of court awards are not available, but it is usual to encourage compromise and agree out-of-court settlements in all but the most serious civil cases for damages Awards are low and punitive and exemplary damages are unknown. Damages are not awarded for economic or financial loss. Perhaps partly because private sector insurers were not allowed to write liability classes until 2020, there has been little history of negotiated insurance settlements for bodily injury cases. An idea of the starting point for negotiations may be gained from the statutory limits for compulsory third part motor liability insurance, which are MMK 3 million per person for death and MMK 2.40 million for bodily injury. Even a higher liability limit of MMK 3 million reportedly under consideration by private insurers for their voluntary comprehensive motor policies equated in 2021 to less than USD 2,000. Industry need mandated Reliable Regulations for both insured and insurer to sustain business.

3.3.2 Customer Awareness

Customer Awareness is very important in the initial state for the potential customers, conveying information about products, services and consumers rights in making right decision and right choice. Trustworthiness is organization's track record of reliability and adherence in obligations in order to continue business. In Myanmar, people awareness in insurance products are increasing steadily, however some people are still conservative and superstitious in buying insurance products.

Most of customers not going to buy any insurance products (General Insurance or Life Insurance) without Awareness & Trustworthiness. Insurance Companies assign qualified agents to explain clearly about the insurance products and benefits. Public awareness programmes should be done through multi-channel, such as (conducting Conferences, Seminars, via public TV Channels, Radio, articles in magazines, Newspaper, Distributing flyers, Etc.), need to conduct more Public Awareness programmes in order to increase operational performance of insurance companies.

3.3.3 Technological Advancements

Technology advancement plays a pivotal role in responding market demand. Advancements in digital platforms, data analytics, and automation have revolutionized the way businesses understand and respond to market demand. By leveraging these tools, companies should gather real-time data, identify patterns, and make informed decisions. Eefficient Operating systems/Software systems are important infrastructure for insurance companies in operating and reporting activities, should save a lot of time consuming and increase productivity.

Technological advancements are significantly transforming the insurance industry, leading to enhanced efficiency, customer service, and operational capabilities. A number of facets of insurance operations are being revolutionized by the use of technologies like blockchain, artificial intelligence (AI), big data analytics, and the Internet of Things (IoT). AI and machine learning algorithms enable insurers to automate claims processing, detect fraud, and personalize customer interactions, thereby improving accuracy and reducing processing times (Deloitte, 2020). Big data analytics allows for the collection and analysis of vast amounts of data, helping insurers to better understand customer behavior, assess risks more accurately, and develop tailored insurance products (PwC, 2019). Blockchain technology offers secure and transparent transaction processing, which enhances trust and reduces the potential for fraud in insurance contracts (EY, 2017). The IoT, through devices like smart home sensors and wearable health monitors, provides real-time data that can be used for proactive risk management and the creation of innovative insurance solutions (Accenture, 2018). The insurance sector is undergoing a paradigm change as a result of these technological developments, which are making it possible for businesses to become more competitive, adaptable, and customer-focused in the digital era.

3.3.4 Risk Management

Risk management is a methodical technique and procedure for effectively managing things like recognizing, evaluating, and reducing risks associated with uncertainties or pure risks that might have an impact on a company. An organization's source and impact of uncertainty and risk are sought for, evaluated, and addressed by risk management, a general management function.

To help a company move toward its goals and objectives in the most desired, efficient, and effective way possible is the aim of risk management. (Young & Williams, 1997) Strategy Execution, an online course taught by Harvard Business School Professor Robert Simons, states that "competing successfully in any industry involves some level of risk." However, companies with strong performance and high levels of pressure are particularly susceptible.

You must understand these risks' causes, how they develop, and how to mitigate them as a manager. Identification, assessment, selection, implementation, and control of risks are all part of risk management. Starting with risk identification, each stage in the risk management process has to be completed one at a time. An incorrectly recognized risk might lead to the whole risk management process being incorrect, having no value, or even having a negative outcome.

3.3.5 Product Development

Gaining an understanding of market demand is crucial for every organization to succeed. Analyzing market trends, determining consumer demands, comprehending market demand, and skillfully meeting that desire should have a big influence on a business's clientele, total profitability, and industry growth. Market demand is influenced by various factors, such as customer characteristics, preferences, behavior, product features and benefits, price, availability, promotion, competition, and external environment. All insurance companies in Myanmar need to consider all these factors when assessing and forecasting market demand for industry product or service.

By understanding and effectively responding to market demand, companies should align their strategies, identify emerging trends, and create customer-centric offerings. Through market research, adaptability, customer-centricity, and leveraging technology, businesses should position themselves to capitalize on market demand and gain a competitive edge. Embracing market demand as a driving force empowers businesses to thrive in an ever-evolving marketplace, ultimately leading to long-term success and profitability.

In Myanmar Insurance Industry, new products are delivering depends on market demand such as universal life, EV insurance policy, travel insurance policy, etc. Product development team should be scouting market demand at all times. Customers are demanding IAR/CAR/EAR and Liabilities insurances in the anticipation of more coverages. Myanma Insurance and only 3 JV companies, AYA SOMPO, GGI Tokio Marine General Insurance, KBZMS are underwriting those products due to old business carried from Special Economic Zone (SEZ). MIA is working on IAR/CAR/EAR insurance policies in collaborating with JICA to deliver into market.

3.3.6 Ethical Operations

Ethical operations within the insurance industry in Myanmar are crucial for building trust, ensuring transparency, and fostering a sustainable business environment. Insurance companies are increasingly recognizing the importance of adhering to ethical standards, which encompass fair treatment of customers, transparency in policy terms, and integrity in claims processing. Ethical operations are guided by the principles set forth by the Myanmar Insurance Business Regulatory Board (IBRB), which mandates that insurers must operate with honesty and fairness, providing clear and accurate information to policyholders (IBRB, 2020). Additionally, ethical practices involve rigorous compliance with anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations, ensuring that insurance companies are not used as conduits for illicit activities (Asia Insurance Review, 2019). These ethical standards are essential for maintaining consumer confidence and protecting the integrity of the financial system. Furthermore, the integration of corporate social responsibility (CSR) initiatives into business strategies reflects a commitment to ethical operations, as insurers engage in activities that benefit the community and contribute to socio-economic development (Myanmar Times, 2018). By prioritizing ethical operations, insurance companies in Myanmar can enhance their reputation, build long-term customer relationships, and achieve sustainable growth.

As of June 2024, in Myanmar Insurance Industry, 1 state owned Myanma Insurance, 5 (100% foreign owned life insurance companies), 3 JV (General Insurance Companies), 3 JV (Life Insurance Companies), 6 Local General Insurance Companies, 9 Local Life Insurance Companies are providing insurance services. According to the quarterly and yearly industry data from Myanmar Insurance Association (MIA), 100% foreign owned insurance companies and JV companies are getting major market share after state owned Myanma Insurance.

Insurable Interest and Utmost Good Faith are essential legal principles for both Insured and Insurer. Insurer or Insurance Agents must disclose all information to insured including in insurance policy without hidden points. Insurer or Insurance Agents must disclose all information to insured including in insurance policy without hidden points. As insured need to submit claims honestly, insurer must fulfil transparently and ethically according to the terms and conditions declared in insurance policy.

CHAPTER (4)
ANALYSIS ON FACTORS AFFECTING OPERATIONAL PERFORMANCE OF INSURANCE COMPANINES IN MYANMAR

This chapter encompasses the four main sections which are research design, summary analysis on demographic profile of respondents, the identification of influencing factors on operational performance bias from descriptive analysis and analysis of these factors on operational performance of insurance companies of Myanmar through the application of the of the statistical regression method.

4.1 Research Design

The objective of this study is to identify the influencing factors on operational performance of Insurance companies in Myanmar. The accomplishment of the research study was conducted from the primary and secondary data. Quantitative research method is implemented in this research study. This study population consisted of 147 supervisors, managers and above levels from 27 insurance companies. A sample size of 108 respondents was chosen from the targeted group by using simple random sampling methods. Five point Likert scale questionnaires were created to measure the agreement level of respondents. Reliable regulations, customer awareness, technological advancement, risk management, product development, ethical operations are covered as the influencing factors to analyze on organization performance.

Collection of primary data is done by distributing structured questionnaires. The first section of structured question captured the demographic profile of respondents. In the second part of the structured questioners, five point Likert scale question on how much respondents agree on each statements of conceptual influencing factors measured by Five-Point Likert scale with a ranging from 1 to5 (1=Strongly Disagree (or) Very Low Level, 2= Disagree (or) Low Level, 3= Neutral (or) Moderate (or)Average Level, 4=Agree (or) High Level, 5=Strongly Disagree (or) Very High Level). Secondary data are collected from previous local and international studies from journal, articles and international conference paper, and Myanmar Insurance Association (MIA), etc. This study uses Statistical Package for Social

Science also called SPSS for making analyze on collected data form reliability test, descriptive analysis and regression analysis. The mean score range is shown in Table (4.1).

Table (4.1) Mean Score Interpretation

No.	Mean Score Range	Interpretation of Agreement Level
1	(1.00-1.80)	Strongly Disagree or Very Low Level
2	(1.81-2.60)	Disagree or Low Level
3	(2.61-3.40)	Neutral or Moderate or Average Level
4	(3.41-4.20)	Agree or High Level
5	(4.21-5.00)	Strongly Agree or Very High Level

Source: Warmbrod, J. R. (2014)

4.2 Demographic Profile of Respondents

In this study, questionnaires were distributed to 108 selected staff from 147 respondents who are working in 27 insurance companies in Myanmar. Demographic characteristics of respondents in this survey comprises gender, age, educational background level, service year, position, salaries of respondents.

This section covered to show the gender category of respondents. The study results are shown in Tabel (4.2).

Table (4.2) Profile of Respondents

Items	Demographic	No. of Respondents	Percentage %
Total		**108**	**100**
Gender	Male	48	44
	Female	60	56
Age (Year)	Under 30 Years	30	28
	31-40 Years	45	42
	41-50 Years	25	23
	Over 51 Years	8	7

Education	Bachelor Master Ph.D	49 55 4	45 51 4
Experience (Years)	Under 3 Yrs. 3-5 Yrs. 5-10 Yrs. Over 10 Yrs.	0 30 69 9	0 27 64 9
Positioning	Supervisor-AM Manager- GM MD-CEO	12 80 16	11 74 15
Income (MMK)	Under 500,000 500,001-800,000 Over 800,000	52 32 24	48 30 22

Source: Survey data, 2024

According to the result of Table (4.2), 48 respondents are male, which constitutes 44% of the total respondents. 60 respondents are female, which constitutes 56% of the total respondents. This indicates a slight majority of female respondents compared to male respondents in the survey sample.

Table (4.2) comprised to show the age group of respondents. The study results are shown in table provides a breakdown of respondents by age group. Out of a total of 108 respondents: 30 respondents which under (28%) are under 30 years old. 45 respondents which cover (42%) are between 31 and 40 years old. 25 respondents on (23%) out of (100 %) are between 41 and 50 years old. 8 respondents which are (7%) are over 51 years old.

Table (4.2) also covered to present the educational level of respondents. The study results are shown and presents the educational levels of respondents from a survey conducted in 2024. In this interpretation, this distribution shows that a majority of the respondents have attained at least a Bachelor's or Master's degree, with Master's degree holders who are the range in 51% constituting the largest group.

This Table (4.2) provides information on the years of service for respondents based on a survey conducted in 2024. No respondents reported having less than 3 years of service, 30 respondents (27%) have been in service between 3 to 5 years, 69 respondents (64%) have a service tenure ranging from 5 to 10 years and 9 respondents (9%) have over 10 years of service. This distribution shows that a significant portion of the respondents have between 5 to 10 years of service, while a smaller percentage have either fewer than 3 years or over 10 years of service.

This table (4.2) describes the distribution of respondents based on their designations.12 respondents (11%) hold the position of "Supervisors – Assistant Managers. 80 respondents (74%) are "Managers – General Managers."16 respondents (15%) hold the position of "Managing Directors - CEOs". This result shows that a majority of the respondents are "Managers – General Manager", followed by "Managing Directors – CEOs" and "Supervisors – Assistant Managers", indicating the hierarchical distribution of roles within the surveyed group.

According to the Table (4.2), 52 respondents (48%) have a monthly income of less than 500,000 Ks. 32 respondents (30%) earn between 500,000 and 800,000 Ks per month. Followed by, 24 respondents (22%) have a monthly income exceeding 800,000 Ks. This table points that a significant portion of the respondents earn less than 500,000 Ks per month, with a smaller but notable percentage earning between 500,000 to 800,000 Ks, and a relatively lower percentage earning over 800,000 Ks monthly.

4.3 Reliability Test

A reliability test, in the context of research or measurement, refers to a statistical method used to assess the consistency and stability of a measurement instrument or tool. It evaluates whether the items or questions in a survey, test, or scale consistently measure the same underlying construct or variable across different situations, times, or respondents. The importance of reliability testing in research and measurement lies in its ability to ensure that the data collected from measurement instruments are trustworthy, consistent, and accurate. A statistical measure of internal consistency reliability, particularly used for scales or questionnaires with multiple items measuring the same construct. Cronbach's alpha value is used to assess the reliability of measurement instruments. A high Cronbach's alpha (typically above 0.70) indicates greater internal consistency among items (Sekaran,2003).

Table (4.3) Reliability Test of Variables

Variables	Number of Items	Croanbach's Alpha
Regulations	7	.707
Customer Awareness	8	.825
Technological Advancement	5	.880
Risk Management	6	.797
Product Development	5	.878
Ethical Operations	12	.723
Operation Performance	6	.886

Source: Survey Data, 2024

As shown in Table (4.3), it describes the result on Cronbach's alpha value analysis for each variable where the overall result value of variable on the surveyed questionnaires has been grunted on good reliability because the results of each variable are greater than 0.7 in Crobach's alpha value.

4.4 Employees' Perception of Factors Affecting on Operational Performance of Insurance Companies

Influencing factors on operational performance of insurance companies" refers to the various elements, conditions, or variables that have a significant impact on how well an insurance company operates and performs. These factors should affect different aspects of the company's operations, financial health, customer satisfaction, and overall success in the market. Identifying and understanding these factors is essential for insurance companies to effectively operate their operation. This section covers regulations, customer awareness, technological advancement, risk management, product development and ethical operations.

(a) Regulations

Regulations refer to the impact of consistent and dependable regulatory frameworks on how well a business or organization should operate and perform. It implies that when regulations are stable, clear, and effectively enforced, businesses should predictably plan their operations, comply with requirements, and focus on efficiency and growth. Table (4.4) describes the results comes from factor relating with reliable regulations of respondents.

Table (4.4) Regulations

No.	Descriptions	Mean	Std. Deviation
1	Regulations are very important and fundamental in Insurance Industry.	4.71	.454
2	Regulations protect both insurer and insured.	4.68	.508
3	All stakeholders in insurance industry (insurer, insured, agents, employees, etc..) must follow rules and regulations declared regulator.	4.66	.515
4	All stakeholders in insurance industry (insurer, insured, agents, employees, etc..) are doing business under strong and reliable regulations and supervision.	3.97	.859
5	Regulators issue directives periodically.	4.11	.728
6	Insured can submit complaint reports to regulator directly.	3.82	.841
7	If any disputes arises related to claim issues, regulators solve the problems under existing rules and regulations.	4.05	.570
	Overall Mean	**4.29**	

Source: Survey Data, 2024

According to Table (4.4), the statement of "Regulations is very important and fundamental in Insurance Industry" received the highest mean score of 4.71, indicating very high agreement among respondents that reliable regulations is crucial and fundamental in the insurance industry. The statement in "Insured can submit complaint reports to regulator directly" received the lowest mean score of 3.82. Although still above the midpoint (which is 3.0), it suggests that respondents were less unanimous or slightly less positive about the direct complaint submission process to the regulatory board. The overall mean score of 4.29 across all statements indicates a generally positive perception of reliable regulations within the Myanmar insurance industry. Respondents on average agree that regulations protect both insurers and insured parties, and that the Insurance Business Regulatory Board (IBRB) plays a significant role in issuing directives and resolving disputes.

(b) Customer Awareness

Customer awareness on operation performance of an insurance company" refers to the extent to which customers are informed and knowledgeable about how well an insurance company performs in its operational aspects. Table (4.5) presents the results of customer awareness.

Table (4.5) Customer Awareness

No.	Descriptions	Mean	Std. Deviation
1	Customer Awareness is fundamental and very important in insurance industry.	4.63	.522
2	Customers are not going to buy any insurance products without awareness.	4.18	.895
3	Insurance companies should conduct public awareness programs periodically about insurance products.	4.49	.555
4	Public awareness programmes can be done through multi-channel, such as (conducting conferences, seminars, via public TV channels, radio, articles in magazines, newspaper, distributing flyers, etc..)	4.31	.574
5	Insurance business can be increased by conducting public awareness/customer awareness programme.	4.21	.612
6	Insurance is risk transfer mechanism for individuals, families and as a major supporting pillar in all business and private sectors.	4.08	.763
7	Handling claims in properly and ethically manner enhance customers' trustworthiness.	4.48	.588
8	Insurance companies assign qualified agents to explain clearly about the insurance products and benefits.	3.95	.715
	Overall Mean	**4.29**	

Source: Survey Data, 2024

According to the above table (4.5), The statement of "Customer Awareness is fundamental and very important in Insurance Industry." received the highest mean score of 4.63, indicating strong agreement among respondents that customer awareness is crucial element in the insurance industry. The statement of "Insurance Companies assign qualified agents to explain clearly about the insurance products and benefits." received the lowest mean score of 3.95. Although still above the midpoint (which is 3.0), it suggests that respondents were slightly less positive or more neutral about the effectiveness of insurance agents in clearly explaining insurance products and their benefits. The overall mean score of 4.29 across all statements indicates a generally positive perception of customer awareness within the insurance industry. Respondents on average agree that awareness is critical, and that public awareness programs should enhance customer understanding and increase business opportunities for insurers.

(c) Technological Advancement

Technological advancement in the context of insurance companies refers to the integration and utilization of advanced technologies to enhance operational performance across various aspects of the business. Table (4.6) describes the results of technological advancement.

Table (4.6) Technological Advancement

No.	Descriptions	Mean	Std. Deviation
1	Technology advancements plays important role in operational performance of insurance companies.	4.40	.546
2	Eefficient software systems are important infrastructure for insurance companies in operating and reporting activities.	4.28	.624
3	Insurance companies should use efficient Operating /software systems.	4.44	.631
4	By using efficient operating system/software, save a lot of time consuming and increase productivity.	4.44	.616
5	Efficient operating system/software can enhance operational performance of insurance companies.	4.37	.605
Overall Mean		**4.38**	

Source: Survey Data, 2024

As the result of above Table (4.6), The overall mean score of 4.38 across all statements indicates a generally positive perception of the importance of technological advancement in the insurance industry. Respondents highly agreed that technological advancements, particularly in using efficient operation systems is significant for the industry's operations and growth. The lowest mean score on the statement “Eefficient software systems are important infrastructure for insurance companies in operating and reporting activities” is 4.28, which is still relatively high. It suggests that while respondents strongly agreed on the importance of awareness and trustworthiness for customers in purchasing insurance products. The highest mean score value of "Insurance Companies should conduct Public Awareness programs periodically relating to Insurance services." and "Public awareness programmes should be done through multi-channel, such as (conducting Conferences, Seminars, via public TV Channels, Radio, articles in magazines, Newspaper, distributing flyers, Etc..)" is 4.44 which indicates strong agreement among respondents that conducting public awareness programs through various channels is crucial for the insurance industry. It reflects the recognition of the importance of educating the public about insurance services through diverse communication channels.

(d) Risk Management

Risk management refers to strategies and practices aimed at effectively managing risks associated with capital resources. Table (4.7) presents the results of capital risk management. There are six items of statements are covered on assessment on capital risk management of insurance companies in Myanmar.

Table (4.7) Risk Management

No.	Descriptions	Mean	Std. Deviation
1	Risk Management is one of the major factor to sustain business in insurance business.	4.48	.603
2	Insurance companies are practicing risk assessment & risk management at all times.	4.15	.747
3	Poor risk assessment & risk management drive insurance companies into jeopardy.	4.32	.624
4	Risk assessment should be done before underwriting process.	4.45	.647
5	Operational performance increased by mitigation risk.	4.14	.767
6	In Myanmar, especially general insurance companies are doing business by taking risks on their own appetite.	3.79	.854
Overall Mean		**4.22**	

Source: Survey Data, 2024

According to Table (4.7), the overall mean score of 4.22 across all statements indicates a generally positive perception of capital risk management within the insurance industry. Respondents on average agree that risk management practices. The lowest mean score value of 3.79 in statement no (6) indicates that respondents were slightly less positive about the practice of insurance companies in Myanmar taking risks based solely on their own appetite. The highest mean score of statement no (1) is 4.48 which indicates the respondents as risk management is crucial for sustaining business in the insurance industry.

(e) Product Development

It refers to the process of creating, refining, and introducing new insurance products or enhancing existing ones to meet the evolving needs of customers and the market. Table (4.8) presents the results of product development.

Table (4.8) Product Development

No	Descriptions	Mean	Standard Deviation
1	Product Development is one of important factor to sustain business.	4.27	.705
2	Research and development activities support product development.	4.26	.617
3	Premium income increases by providing market demand insurance products.	4.23	.635
4	Product development team need to scouting market demand at all times.	4.27	.705
5	Companies get more market share by providing attractive and unique products.	4.31	.621
Overall Mean		**4.27**	

Source: Survey Data, 2024

According to the results from Table (4.8), The overall mean score of 4.27 across all statements indicates a generally positive perception of the importance of product development within the insurance industry. Respondent highly agree that product development is crucial for sustaining business, meeting market demands, increasing premium income, and gaining market share through innovative and attractive product offerings. The lowest mean score of 4.23 on items no (3) suggests that respondents were slightly less unanimous about the direct correlation between developing market demand insurance products and increasing premium income. The highest mean score of the statement no (5) is 4.31 which indicating highly agreement among respondents that developing attractive and unique insurance products should help insurers gain more market share.

(f) Ethical Operations

Creating questionnaires to assess the effect of ethical operations on operational performance involves developing questions that target various aspects of both ethical practices and operational outcomes. Table (4.9) presents the results of ethical operations.

Table (4.9) Ethical Operation

No.	Descriptions	Mean	Std. Deviation
1	Insurable interest and utmost good faith are essential legal principles for both insured and insurer.	4.63	.678
2	Writing expressed conditions already declared in insurance policies as well as implied conditions in insurance policy wordings.	4.17	.619
3	Insured should not sign the insurance policy/contract if not understand completely.	4.51	.572
4	Insurer or insurance agents must disclose all information to insured including in insurance policy without hidden points.	4.08	.775
5	As insured need to submit claims honestly, insurer must fulfil transparently and ethically according to the terms and conditions declared in insurance policy.	3.84	.856
6	Insurers / Insurance Companies have right to refuse fraudulent claims according to policy terms and conditions.	4.07	.732
7	Ethical operations enhance efficiency and productivity in insurance industry.	3.85	.905
8	Ethical practices contribute to the overall profitability of insurance organization's operations.	4.29	.737
9	Ethical guidelines can provide in reducing operational risks and enhancing regulatory compliance.	3.82	.975
10	Ethical operations attract and retain talented employees.	3.95	.754
11	Effectiveness of ethical operations become conduct training on ethical behavior and compliance.	3.74	.931
12	Integration of ethical practices changed the way of insurance companies operates on a daily basis.	4.63	.678
Overall Mean		**4.13**	

Source: Survey Data, 2024

The statement on ethical operation “Insurer or Insurance Agents must disclose all information to insured including in Insurance Policy without hidden points” 4.63 on highest mean score which indicates very high agreement among respondents about the importance of ethical practices in insurance operations, particularly regarding transparency and disclosure of information to insured parties. This underscores the significant of ethical standards in fostering trust and compliance within the industry.

(g) Operational Performance

The operational performance of an insurance company refers to how effectively and efficiently it conducts its core business activities to achieve its strategic goals and deliver value to stakeholders**.** There are six structural questionnaire items are studies in the assessment of operation performance of insurance company. Table (4.10) describes the result comes from operation performance of the insurance companies.

Table (4.10) Operational Performance

No.	Descriptions	Mean	Std. Deviation
1	Myanmar Insurance Sector need mandates reliable regulations in order to increase operational performance of insurance companies.	4.35	.688
2	In Myanmar Insurance Sector, need to conduct more public awareness programmes in order to increase operational performance of insurance companies.	4.33	.723
3	Insurance companies should take the advantage of technological advancements in order to increase operational performance.	4.32	.624
4	In Myanmar Insurance Sector, risk analysis and risk management knowledges are very important.	4.34	.566
5	In Myanmar Insurance Sector, need to develop new products in order to take more foreign businesses.	4.23	.678
6	In Myanmar, insurance sector has been contributing significant and tremendous results for country economy.	4.07	.720
Overall Mean		**4.27**	

Source: Survey Data, 2024

In Table (4.10), the lowest mean score of 4.07 in the statement of " In Myanmar, Insurance Sector has been contributing significant and tremendous results for country economy" indicates that respondents more neutral about the perception that the insurance sector in Myanmar contributes significant and tremendously to the country's economy. This might reflect varying opinions or awareness levels about the sector's economic impact. The highest mean score of 4.35 in the statement of "In Myanmar Insurance sector, needing mandates Reliable Regulations in order to increase operational performance of insurance companies" indicates that respondents have strong agreement on establishing reliable regulations which is crucial for enhancing the operational performance of insurance companies in Myanmar. This underscores the importance of regulatory frameworks in providing stability, consistency, and trust within the industry.

(h) Summary of Influencing Factors and Operational Performance

Table (4.11) presents the summary table of the influencing factors. There are The overall mean score of regulation, customer awareness, technological advancement, risk management, product development and ethical operations and more over operational performance are covered in the following Table (4.11).

Table (4.11) Summary for Overall Mean

No	Descriptions	Mean
1	Regulation	4.29
2	Customer Awareness	4.29
3	Technological Advancement	4.38
4	Risk Management	4.22
5	Product Development	4.27
6	Ethical Operations	4.13
7	Operational Performance	4.27

Source: Survey Data, 2024

In above Table (4.11), Overall, the summary table provides insights into the perceived importance of various factors influencing the insurance industry's operational dynamics in Myanmar. It presents the critical role of regulatory stability, customer engagement, technological innovation, risk management, ethical operations and product development in driving operational performance for excellence and competitiveness. In the overall mean score result, the highest overall mean score of 4.38 indicates that respondents have strong agreement on the significant of technological advancements in improving operational efficiencies and competitiveness within the insurance industry.

4.5 Analysis of Influencing Factors on Operational Performance

A statistical technique for determining the direction and degree of correlations between two or more variables is regression analysis. Table (4.12) explains how the regression analysis findings are presented. Finding out if and how much changes in one variable are related to changes in another is the main objective of this study. It aids in researchers' comprehension of the kind and strength of correlations between variables.

Table (4.12) Regression Analysis of Influencing Factors and Operational Performance of Insurance Companies in Myanmar

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	-.361	.305		-1.185	.239	
Regulations	-.027	.092	-.020	-.299	.765	2.113
Customer Awareness	.268***	.100	.223	2.679	.009	3.179
Technological Advancement	.160*	.079	.149	2.013	.047	2.506
Risk Management	.053	.086	.049	.614	.541	2.962
Product Development	.304***	.089	.307	3.426	.001	3.681
Ethical Operations	.335***	.072	.311	4.655	.000	2.047
R square	.779					
Adjusted R square	.766					
F Value	59.480***					

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level

Source: Survey Data, 2024

The Table (4.12) presents the results of a regression analysis on influencing factors and operational performance of insurance companies in Myanmar. This model is strong and valid according F value, it is 59.480***, and it is statistically significant at the 1% level ($p < 0.001$), indicating that the overall regression model is a good fit for the data.

It is also found that the coefficient of reliable regulations is -0.027, indicating a negative relationship with operation performance, but it is not statistically significant ($p = 0.765$). The coefficient of customer awareness is 0.268, and it is statistically significant at the 1% level ($p = 0.009$). This suggests that higher customer awareness positively influences operation performance.

The coefficient of technological advancement is 0.160, and it is statistically significant at the 5% level ($p = 0.047$). This indicates that technological advancement has a positive impact on operation performance. The coefficient of capital risk management is 0.053, indicating a positive relationship, but it is not statistically significant ($p = 0.541$). The coefficient of product development is 0.304, and it is statistically significant at the 1% level ($p = 0.001$). This suggests that product development significantly enhances operation performance. The coefficient of Organizational Situation is 0.335, and it is statistically significant at the 1% level ($p = 0.000$). This indicates that the organizational situation has a strong positive impact on operation performance.

In significant variable, Beta value of 0.268 suggests that for each unit increase in customer awareness, operation performance is expected to increase by 0.268 units. This coefficient is statistically significant at the 1% level ($p = 0.009$), indicating a strong positive impact of customer awareness on operation performance. Beta value of 0.160 suggests that for each unit increase in technological advancement, operation performance is expected to increase by 0.160 units. This coefficient is statistically significant at the 5% level ($p = 0.047$), indicating a positive impact on operation performance. B value of 0.304 suggests that for each unit increase in product development efforts, operation performance is expected to increase by 0.304 units. This coefficient is statistically significant at the 1% level ($p = 0.001$), indicating a strong positive impact on operation performance. B value of 0.335 suggests that for each unit improvement in ethical operations, operation performance is expected to increase by 0.335 units. This coefficient is statistically significant at the 1% level ($p = 0.000$), indicating a strong positive impact on operation performance.

Briefly, ethical operations among the significant variable of product development, customer awareness and technology advancement is strongest influence on operation performance. In this analysis, reliable regulations and capital risk management are not significant on operation performance.

CHAPTER (5)
CONCLUSION

This chapter focuses on drawing conclusions about the study's findings based on the data analysis results. The results of the investigation into the variables affecting the operational performance of insurance businesses in Myanmar are provided in this chapter. The analysis's findings and an explanation of them are provided in the first section. Suggestions and suggestions are then made. The need for more research is thus made clear.

5.1 Findings and Discussions

Analyzing the variables influencing operational performance in Myanmar's insurance businesses is the primary goal of the research. 108 employees from 27 insurance businesses were chosen at random from a pool of 147 staff members for this research. In terms of the respondents' demographics, the most of the participants in this research are female and range in age from 31 to 40. The majority of responders have bachelor's degrees in terms of education. Furthermore, the majority of clients have middle-class monthly incomes and service histories that span five to ten years.

According to descriptive statistics, insurance company staff perception of technological advancement earned the highest mean score level and plays a crucial role in shaping their overall operational performance.

To pinpoint the lowest mean value of insurance companies staff perception on ethical operations and its impact on operational performance in Myanmar, a detailed analysis was conducted. This study aimed to identify areas where perceived shortcomings in organizational factors could potentially affect overall operational effectiveness and efficiency within the insurance sector.

Furthermore, ethical operations are also critical considerations, their perceived mean values varied across companies based on organizational context and strategic priorities. Smaller firms, for example, might face perceived limitations in scale and resources compared to larger competitors, influencing their operational strategies and market positioning. Ethical operations, although essential for fostering trust and compliance, may also show discrepancies in perception based on organizational culture and governance practices.

Based on the study's primary goal, the following conclusions may be drawn about the findings: organizational circumstances, product development, consumer awareness, and technology innovation all have a significant beneficial impact on the operational performance of insurance firms in Myanmar. Moreover, it can be concluded as regulation and risk management is not having a positive relationship with operational performance.

5.2 Suggestions and Recommendations

Based on analysis and findings, the suggestions for factors influencing operational performance in insurance companies, Myanmar is presented. In regression analysis organizational situations are highest positive significant on operational performance. To enhance factors influencing operational performance of insurance companies in Myanmar should consider the following suggestions and recommendations for its products and service is presented.

To enhance operational performance, businesses should focus on improving customer awareness, leveraging technological advancements, fostering product development, and optimizing their ethical operations. Customer awareness should be boosted through targeted marketing campaigns, educational content, and customer engagement initiatives. By keeping customers informed and engaged, businesses should increase loyalty and drive sales. Technological advancement should be a priority, with investments in cutting-edge technologies like AI, machine learning, and automation. These technologies should streamline operations, enhance data analysis, and improve decision-making processes. Additionally, companies should prioritize product development by investing in research and development (R&D) to innovate and meet evolving market demands. Regularly updating product lines and incorporating customer feedback should lead to higher customer satisfaction and market relevance. Lastly, improving the ethical operations involves fostering a positive company culture, strong leadership, and efficient internal processes. Encouraging open communication, providing ongoing training, and promoting a collaborative work environment should enhance employee engagement and productivity. By strategically focusing on these areas, businesses should achieve signify should improvements in operational performance, ensuring sustained growth and competitive advantage.

To optimize operational performance, businesses should address the challenges posed by regulations and risk management, even when these factors do not have a significant direct effect. Reliable regulations are essential for maintaining compliance and fostering trust, but insurance companies in Myanmar should seek ways to streamline regulatory processes to minimize administrative burdens. Implementing efficient compliance management systems can ensure adherence to regulations while allowing more focus on core business activities. Regular training for employees on regulatory requirements should also reduce the risk of non-compliance and associated penalties. Risk management is critical for financial stability, but its direct impact on day-to-day operations might be limited. Insurance companies in Myanmar should adopt robust risk management frameworks that include regular risk assessments and scenario planning to mitigate potential financial threats. Diversifying investment portfolios and maintaining adequate liquidity can safeguard against risks. Additionally, businesses should focus on improving operational efficiencies through lean management practices and technology adoption, which can drive performance independent of capable risk management concerns. By proactively managing regulations and risks, businesses can create a more resilient operational environment that supports sustained performance and growth.

5.3 Need for Further study

This study emphasizes factors influencing operational performance of insurance companies in Myanmar and respondents are only insurance companies' staff. Other agents and clients are excluded in this study. Therefore, further studies should observe other areas. Additionally, the study uses a self-rating Likert scale; hence, open-ended questions need to be used in future studies.

Further study on the factors influencing the operational performance of insurance companies in Myanmar is essential to address existing knowledge gaps and enhance the industry's growth and stability. The unique economic, regulatory, and cultural landscape of Myanmar presents specific challenges and opportunities that differ from other markets. Comprehensive research is needed to understand how regulatory frameworks, market dynamics, customer behavior, technological adoption, and risk management practices specifically affect operational performance within this context. Additionally, Myanmar's ongoing economic reforms and integration into the global market, it is crucial to study the impact of these changes on the insurance sector. Investing employee training and development, strategic management practices, and innovation in product offerings can provide valuable insights into improving efficiency and competitiveness. Furthermore, the role of digital transformation and the adoption of Insurtech in enhancing operational performance should be explored to keep pace with global trends. By conducting in-depth studies, stakeholders can develop targeted strategies that address local challenges and leverage opportunities, ultimately leading to a more robust and resilient Myanmar insurance industry.

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APPENDIX (1)

"Survey Questionnaire"

Dear Sir/Madam,

Mingalapar !!!

I'm a candidate from "**MASTER OF BANKING AND FINANCE PROGRAMME**" at Yangon University Economics. I would like to request your participation in this research project by completing and sending back this questionnaire to me. The purpose of this questionnaire is to collect data for the research titled **"FACTORS AFFECTING OPERATIONAL PERFORMANCE OF INSURANCE COMPANIES IN MYANMAR"** as a part of my academic research study for the Master of Banking and Finance at Yangon University of Economics. This questionnaire is dedicated for educational purpose only and all individual responses will be kept confidentially. I really appreciate your valuable time in responding questions.

Best regards,

Myint Naing

PART I - DEMOGRAPHIC AND GENERAL INFORMATION

(1) Please identify your gender.

□ Male

□ Female

(2) Please identify Age (Years) ?

□ Under 30 Years Old

□ 31 – 40 Years Old

□ 41 – 50 Years Old

□ 51 Over

(3) Please specify your education level.

□ Under Graduate

□ Bachelor Degree

□ Master Degree

□ Ph.D

(4) Please provide the Insurance Company you are currently working.

Your answer : ---------------

(5) How long have you been working at this company?

Your answer : ---------------

(6) In which Department you are working in this company?

Your answer : ---------------

(7) What is your position in this company?

Your answer : ---------------

Part II – FACTORS AFFECTING OPERATIONAL PERFORMANCE OF INSURANCE COMPANIES IN MYANMAR

Please respond the questions provided in this section II (A,B,C,D,E,F,G). Please indicate your agreement with the proposed statements by using following Likert Scale Keys.

1 = Strongly Disagree (or) Very low   2 = Disagree (or) Low

3 = Neutral (or) Average   4 = Agree (or) High

5 = Strongly Agree (or) Very High

(A) Regulations

No.	Statement	1	2	3	4	5
1.	Regulations are very important and fundamental in Insurance Industry.					
2.	Regulations protect both Insurer and Insured.					
3.	All stakeholders in insurance industry (Insurer, Insured, Agents, Employees, Etc..) must follow rules and regulations declared by regulator.					
4.	All stakeholders in insurance industry (Insurer, Insured, Agents, Employees, Etc..) are doing business under strong and reliable regulations and supervision.					
5.	Regulators issue directives periodically.					

6.	Insured can submit complaint reports to regulator directly.					
7.	If any Disputes arises related to Claim issues, regulators solve the problems under existing rules and regulations.					

(B) Customer Awareness

No.	Statement	1	2	3	4	5
1.	Customer Awareness is fundamental and very important in Insurance Industry.					
2.	Customers are not going to buy any insurance products without awareness.					
3.	Insurance Companies should conduct Public Awareness programs periodically about insurance products.					
4.	Public awareness programmes can conduct through multi-channel, such as (conducting Conferences, Seminars, via public TV Channels, Radio, articles in magazines, Newspaper, Distributing flyers, etc.)					
5.	Insurance business can increase by conducting public awareness/customer awareness programmes.					
6.	Insurance is risk transfer mechanism for individuals, families and as a major supporting pillar in all business and private sectors.					
7.	Handling Claims in properly and ethically manner enhance customers' trustworthiness.					
8.	Insurance Companies assign qualified agents to explain clearly about the insurance products and benefits.					

(C) Technological Advancements

No.	Statement	1	2	3	4	5
1.	Technology Advancements plays important role in operational performance of insurance companies.					
2.	Eefficient software systems are important infrastructure for insurance companies in operating and reporting activities.					
3.	Insurance Companies should use efficient operating /software systems.					
4.	By using efficient operating system/ software, save a lot of time consuming and increase productivity.					
5.	Efficient operating system/software can enhance operational performance of insurance companies.					

(D) Risk Management

No.	Statement	1	2	3	4	5
1.	Risk Management is one of the major factor to sustain business in insurance business.					
2.	Insurance companies are practicing risk assessment & risk management at all times.					
3.	Poor risk assessment & risk management should drive insurance companies into jeopardy.					
4.	Risk Assessment should be done before underwriting process.					
5.	Operational performance should be increased by mitigation risk.					
6.	In Myanmar, especially General Insurance Companies are doing business by taking risks on their own appetite.					

(E) Product Development

No.	Statement	1	2	3	4	5
1.	Product Development is one of important factor to sustain business.					
2.	Research and development activities support product development.					
3.	Premium income increase by providing market demand insurance products.					
4.	Product development team need to scouting market demand at all times.					
5.	Companies get more market share by providing attractive and unique products.					

(F) Ethical Operations

No.	Statement	1	2	3	4	5
1.	Insurable interest and utmost good faith are essential legal principles for both insured and insurer.					
2.	Writing expressed conditions already declared in insurance policies as well as implied conditions in insurance policy wordings.					
3.	Insured should not sign the insurance policy/contract if not understand completely.					
4.	Insurer or Insurance Agents must disclose all information to insured including in insurance policy without hidden points.					
5.	As Insured need to submit claims honestly, Insurer must fulfil transparently and ethically according to the terms and conditions declared in insurance policy.					

6	Insurers / Insurance companies have right to refuse fraudulent claims according to policy terms and conditions.					
7.	Ethical operations enhance efficiency and productivity in insurance industry.					
8	Ethical practices contribute to the overall profitability of insurance organization's operations.					
9.	Ethical guidelines can provide in reducing operational risks and enhancing regulatory compliance.					
10.	Ethical operations to attract and retain talented employees.					
11.	Effectiveness of ethical operations become conduct training on ethical behavior and compliance.					
12.	Integration of ethical practices changed the way of insurance companies operates on a daily basis.					

(G) Operational Performance

No.	Statement	1	2	3	4	5
1.	Myanmar Insurance Sector need mandates reliable regulations in order to increase operational performance of insurance companies.					
2.	In Myanmar insurance sector, need to conduct more public awareness programmes in order to increase operational performance of insurance companies.					
3.	Insurance companies should take the advantage of technological advancements					

	in order to increase operational performance.					
4.	In Myanmar insurance sector, risk analysis and risk management knowledges are very important.					
5.	In Myanmar insurance sector, need to develop new products in order to take more foreign businesses.					
6	In Myanmar, insurance sector has been contributing significant and tremendous results for country economy.					

Thank you very much for your participation !!!

APPENDIX (2)

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	29	26.9	26.9	26.9
	2	79	73.1	73.1	100.0
	Total	108	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valids	1	s	26.9	26.9	26.9
	2	33	30.6	30.6	57.4
	3	26	24.1	24.1	81.5
	4	20	18.5	18.5	100.0
	Total	108	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	5.6	5.6	5.6
	2	62	57.4	57.4	63.0
	3	37	34.3	34.3	97.2
	4	3	2.8	2.8	100.0
	Total	108	100.0	100.0	

Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	17	15.7	15.7	15.7
	2	33	30.6	30.6	46.3
	3	17	15.7	15.7	62.0
	4	41	38.0	38.0	100.0
	Total	108	100.0	100.0	

Department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	13.9	13.9	13.9
	2	54	50.0	50.0	63.9
	3	27	25.0	25.0	88.9
	4	12	11.1	11.1	100.0
	Total	108	100.0	100.0	

Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	1	.9	.9	.9
	1	44	40.7	40.7	41.7
	2	44	40.7	40.7	82.4
	3	14	13.0	13.0	95.4
	4	5	4.6	4.6	100.0
	Total	108	100.0	100.0	

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
RR1	108	4	5	4.71	.454
RR2	108	3	5	4.68	.508
RR3	108	3	5	4.66	.515
RR4	108	1	5	3.97	.859
RR5	108	1	5	4.11	.728
RR6	108	1	5	3.82	.841
RR7	108	3	5	4.05	.570
Valid N (listwise)	108				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CAware1	108	3	5	4.63	.522
CAware2	108	1	5	4.18	.895
CAware3	108	3	5	4.49	.555
CAware4c	108	3	5	4.31	.574
CAware5	108	2	5	4.21	.612
CAware6	108	1	5	4.08	.763
CAware7	108	2	5	4.48	.588
CAware8	108	2	5	3.95	.715
Valid N (listwise)	108				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TAdvance1	108	3	5	4.40	.546
TAdvance2	108	3	5	4.28	.624
TAdvance3	108	1	5	4.44	.631
TAdvance4	108	2	5	4.44	.616
TAdvance5	108	2	5	4.37	.605
Valid N (listwise)	108				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Risk1	108	2	5	4.48	.603
Risk2	108	1	5	4.15	.747
Risk3	108	2	5	4.32	.624
Risk4	108	1	5	4.45	.647
Risk5	108	2	5	4.14	.767
Risk6	108	1	5	3.79	.854
Valid N (listwise)	108				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PDev1	108	0	5	4.27	.705
PDev2	108	3	5	4.26	.617
PDev3	108	3	5	4.23	.635
PDev4	108	1	5	4.27	.705
PDev5	108	3	5	4.31	.621
Valid N (listwise)	108				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
OSFS1	108	1	5	4.63	.678
OSFS2	108	2	5	4.17	.619
OSFS3	108	2	5	4.51	.572
OSFS4	108	1	5	4.08	.775
OSCA1	108	1	5	3.84	.856
OSCA2	108	1	5	4.07	.732
OSCA3	108	1	5	3.85	.905
OSCA4	108	1	5	4.29	.737
OSEO1	108	1	5	3.82	.975
OSEO2	108	1	5	3.95	.754
OSEO3	108	1	5	3.74	.931
OSEO4	108	1	5	4.63	.678
Valid N (listwise)	108				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
OP1	108	1	5	4.35	.688
OP2	108	1	5	4.33	.723
OP3	108	2	5	4.32	.624
OP4	108	3	5	4.34	.566
OP5	108	1	5	4.23	.678
OP6	108	2	5	4.07	.720
Valid N (listwise)	108				

Reliability Statistics

Cronbach's Alpha	N of Items
.707	7

Reliability Statistics

Cronbach's Alpha	N of Items
.825	8

Reliability Statistics

Cronbach's Alpha	N of Items
.880	5

Reliability Statistics

Cronbach's Alpha	N of Items
.797	6

Reliability Statistics

Cronbach's Alpha	N of Items
.878	5

Reliability Statistics

Cronbach's Alpha	N of Items
.868	12

Reliability Statistics

Cronbach's Alpha	N of Items
.886	6

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.883[a]	.779	.766	.25813	2.010

a. Predictors: (Constant), OS, RR, TA, R, C, PD

b. Dependent Variable: OP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.779	6	3.963	59.480	.000[b]
	Residual	6.730	101	.067		
	Total	30.509	107			

a. Dependent Variable: OP

b. Predictors: (Constant), OS, RR, TA, R, C, PD

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.361	.305		-1.185	.239		
	RR	-.027	.092	-.020	-.299	.765	.473	2.113
	C	.268	.100	.223	2.679	.009	.315	3.179
	TA	.160	.079	.149	2.013	.047	.399	2.506
	R	.053	.086	.049	.614	.541	.338	2.962
	PD	.304	.089	.307	3.426	.001	.272	3.681
	OS	.335	.072	.311	4.655	.000	.489	2.047

a. Dependent Variable: OP

APPENDIX (3)

Insurance Companies List in Myanmar

Sr.	Insurer	Logo	Affiliated Company / Country
1.	Myanma Insurance (Composite)		State owned
100% Foreign Life Insurance Companies			
2.	AIA Myanmar Life Insurance Co., Ltd.		Hongkong
3.	CHUBB Life Insurance Myanmar Co., Ltd.		U.S.A
4.	Dai-ichi Life Insurance Myanmar Ltd.		Japan
5.	Prudential Myanmar Life Insurance Co., Ltd.		United Kingdom
6.	Manulife Myanmar Life Insurance Co., Ltd.		Canada
Joint Venture (Life Insurance Companies)			
7.	CB Life Insurance Co., Ltd.		CB & Maung Thai Life
8.	Capital Taiyo Life Insurance Ltd.		Capital & Taiyo Life
9.	Grand Guardian Nippon Life Insurance Co., Ltd.		GGI & Nippon Life

Joint Venture (General)			
10.	AYA SOMPO Insurance Co., Ltd.		AYA & SOMPO
11.	Grand Guardian Tokio Marine General Insurance Co., Ltd.		GGI & Tokio Marine
12.	KBZ MS General Insurance Co., Ltd.		KBZ & Mitsui Sumitomo
Local (General Insurance Companies)			
13.	A Insurance Co., Ltd.		A Bank
14.	Aung Thitsa Oo General Insurance Co., Ltd.		Union of Myanmar Economic Holdings Limited
15.	Excellence Fortune General Insurance Co., Ltd.		Jade King and Queen Company Ltd.
16.	First National Insurance (General) Co., Ltd.		Asia Green Development Bank
17.	Global World Insurance Co., Ltd.		Asia World Company Ltd.
18.	Young Insurance Co., Ltd.		Young Investment Group
Local (Life Insurance Companies)			
19.	A Life Insurance Co., Ltd.		A Bank

20.	Aung Myint Moh Min Insurance Co., Ltd.		Myanmar Economic Corporation
21.	Aung Thitsa Oo Life Insurance Co., Ltd.		Union of Myanmar Economic Holdings Limited
22.	AYA Myanmar Life Assurance Co., Ltd.		AYA Bank
23.	Excellence Fortune Life Insurance Co., Ltd.		Jade King and Queen Company Ltd.
24.	First National Insurance (Life) Co., Ltd.		Asia Green Development Bank
25.	Global World Insurance (Life) Co., Ltd.		Asia World Company Ltd.
26.	KBZ Life Insurance Co., Ltd.		KBZ Bank
27.	Young Insurance (Life) Co., Ltd.		Young Investment Group

APPENDIX (4)

Foreign Insurance Representative Offices in Myanmar

No.	Company Name	Country	Life/General	Company Registration Date
1	CHUBB INA International Holdings Ltd	America	Life & General	29-03-2013
2	MGA Asia Insurance Brokers Company Limited	Cambodia	Broker	06-12-2017
3	Forte Insurance (Cambodia) PLC		Reinsurance	30-04-2019
4	Poe-Ma Insurances	Franch	Reinsurance	07-11-2012
5	Allianz Global Corporate & Specialty SE	Germany	General	
6	The New India Assurance Company Limited	India	General	05-09-2014
7	Sompo Japan Insurance Inc	Japan	General	07-05-1996
8	Tokio Marine & Nichido Fire Insurance Co., Ltd		General	21-07-1997
9	Mitsui Sumitomo Insurance Co., Ltd		General	24-10-1997
10	Taiyo Life Insurance Company		Life	09-04-2012
11	Nippon Life Asia Pacific (Regional HQ) Pte. Ltd		Life	14-02-2018
12	TOYOTA TSUSHO Insurance Management Corporation (Myanmar Representative Office)		Broker	08-04-2020
13	DB Insurance Co., Ltd	Korea	General	06-08-2014
14	Kyobo Life Insurance Co., Ltd		Life	25-11-2020
15	K.M.Dastur & Company Private Limited	Malaysia	Broker	31-07-2014
16	Warisan Captive Incorporated		Broker	13-08-2019
17	Pana Harrison (Asia) Pte. Ltd	Singapore	Broker	26-02-2013

No.	Company Name	Country	Life/General	Company Registration Date
18	The Great Eastern Life Assurance Co., Ltd		Life	17-12-2013
19	Willis Towers Watson Brokers (Singapore) Pte. Ltd		Broker	14-01-2014
20	Marsh (Singapore) Pte. Ltd		Broker	07-08-2015
21	Grandiose Pte. Ltd		Broker	27-04-2017
22	Asia Reinsurance Brokers Pte. Ltd		Broker	16-06-2017
23	Acclaim Insurance Broker Pte. Ltd		Broker	28-06-2018
24	McLarens Singapore Pte. Ltd		Adjuster/Surveyor	30-08-2018
25	United Overseas Insurance Limited		Reinsurance	30-08-2018
26	Great Eastern General Insurance Limited (Myanmar Representative Office)		General	10-10-2018
27	LOLC Life Assurance Limited	Sri Lanka	Life	02-01-2019
28	Shin Kong Life Insurance Co., Ltd	Taiwan	Life	13-05-2015
29	Muang Thai Life Assurance Public Co., Ltd	Thailand	Life	21-01-2014
30	Muang Thai Insurance Public Company Limited (Representative Office)		General	23-10-2017
31	Bangkok Insurance Public Company Limited		Broker	08-01-2020
32	Howden Maxi Insurance Broker Co., Ltd. (Representative Office)		Broker	21-01-2021
33	AEGIS Management Consultants & Insurance Agency Co., Ltd	Vietnam	Broker	22-09-2015
34	PHU HUNG Life Insurance Joint Stock Company		Life	09-10-2019
35	PHU HUNG Assurance Corporation		General	22-04-2020

APPENDIX (5)

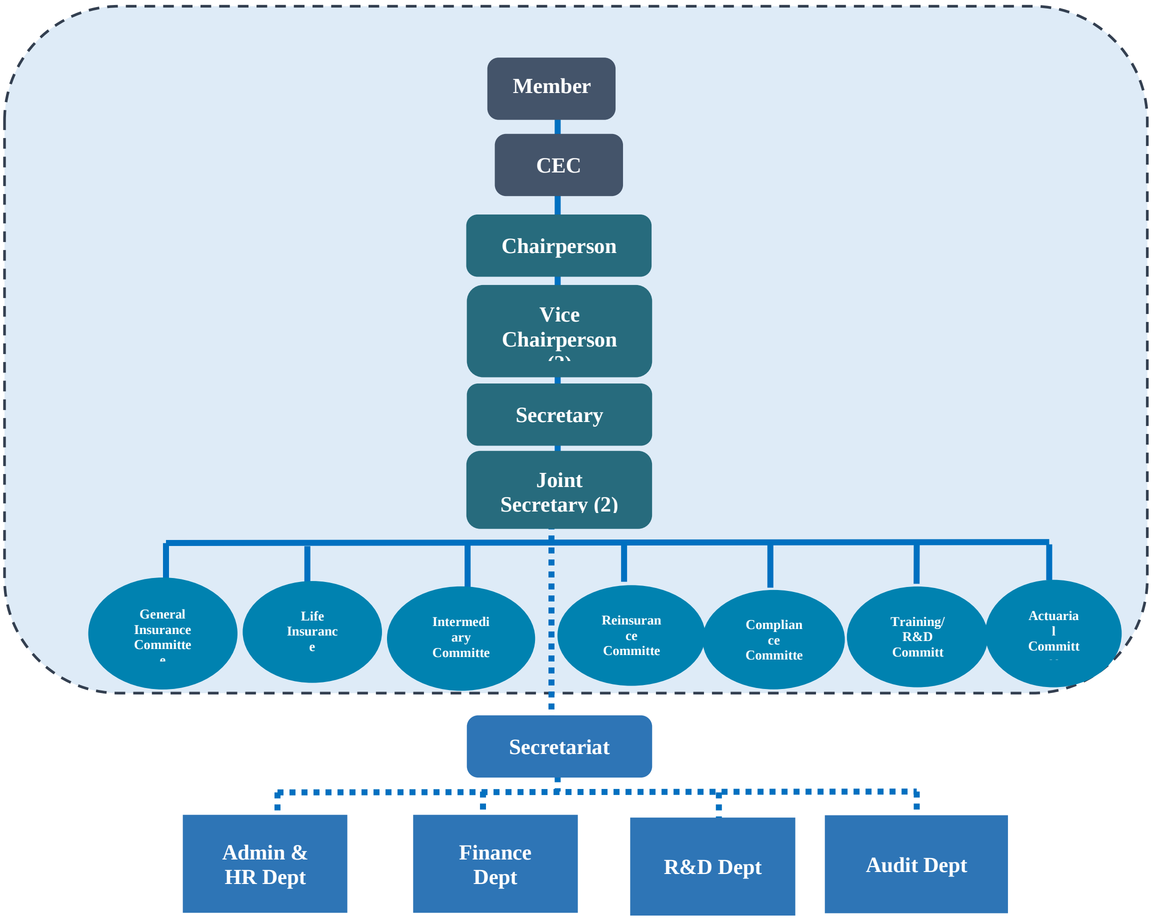
Table (1) Insurance Products Categories in Myanmar

Life	Non-Life	
Product Category	Product Category	Sub. Categories
(1)Protection	(1)Cash (Transit/Safe/Fidelity)	Cash (Transit/Safe/Fidelity)
(2)Savings	(2)Commercial Lines	• Commercial Lines • Marine (CL) • Industrial All Risks • Engineering (Contractor's All Risks/Erection All Risks/MBD) • Liability
(3)Health	(3)Fire	• Fire • Property
(4)Travel	(4)Health	Health
(5)Personal Accident	(5)Marine Cargo	• Marine Cargo • Overseas Marine Cargo • Marine Inland Transit
	(6)Marine Hull	Marine Hull
	(7)Motor	• Motor • Comprehensive Motor • Motor Cycle
	(8)Personal Accident	Personal Accident
	(9)Travel	Travel
	(10)Aviation Reinsurance (MI)	Aviation Reinsurance (MI)
	(11)Aviation (MI)	Aviation (MI)
	(12)Credit Guarantee Insurance (MI)	Credit Guarantee Insurance (MI)
	(13)Deposit Insurance (MI)	Deposit Insurance (MI)
	(14)Fire Reinsurance (MI)	Fire Reinsurance (MI)
	(15)Marine Reinsurance (MI)	Marine Reinsurance (MI)
	(16)Miners' (MI)	Miners' (MI)
	(17)Motor Reinsurance (MI)	Motor Reinsurance (MI)
	(18)Oil and Gas Reinsurance (MI)	Oil and Gas Reinsurance (MI)
	(19)Ship Owner & Ship Operator's Liability Insurance (MI)	Ship Owner & Ship Operator's Liability Insurance (MI)
	(20)Tiger Fishing Barge Owner's Liability Insurance (MI)	Tiger Fishing Barge Owner's Liability Insurance (MI)

APPENDIX (6)

Myanmar Insurance Association (MIA)

ORGANIZATION STRUCTURE

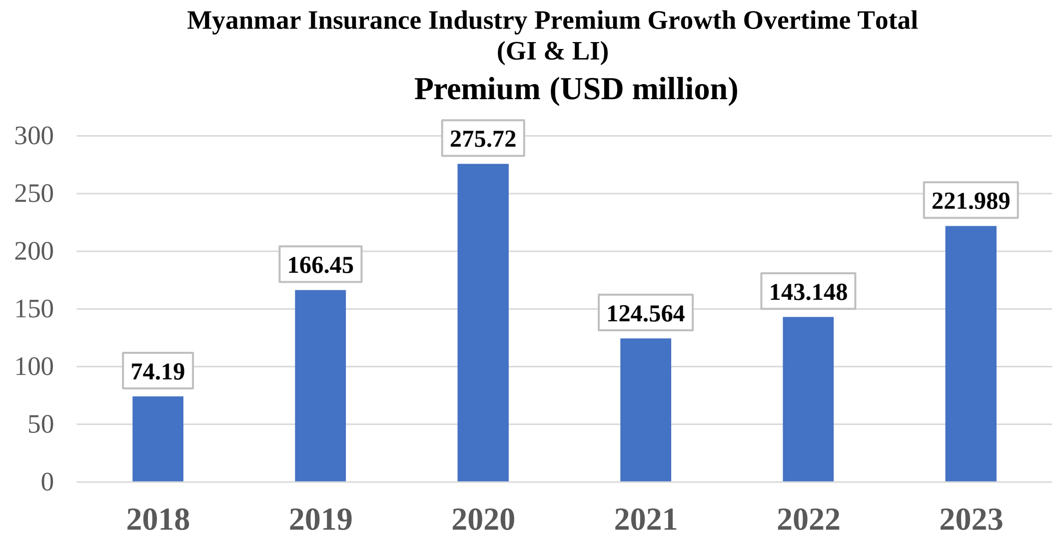


Myanmar Insurance Association (MIA) was established in October 2017, MIA is working together FRD, IBRB, insurance companies, and agents in Myanmar. As association, MIA' is taking place as major role in the industry and represent to encourage insurance industry and promote the development of insurance.

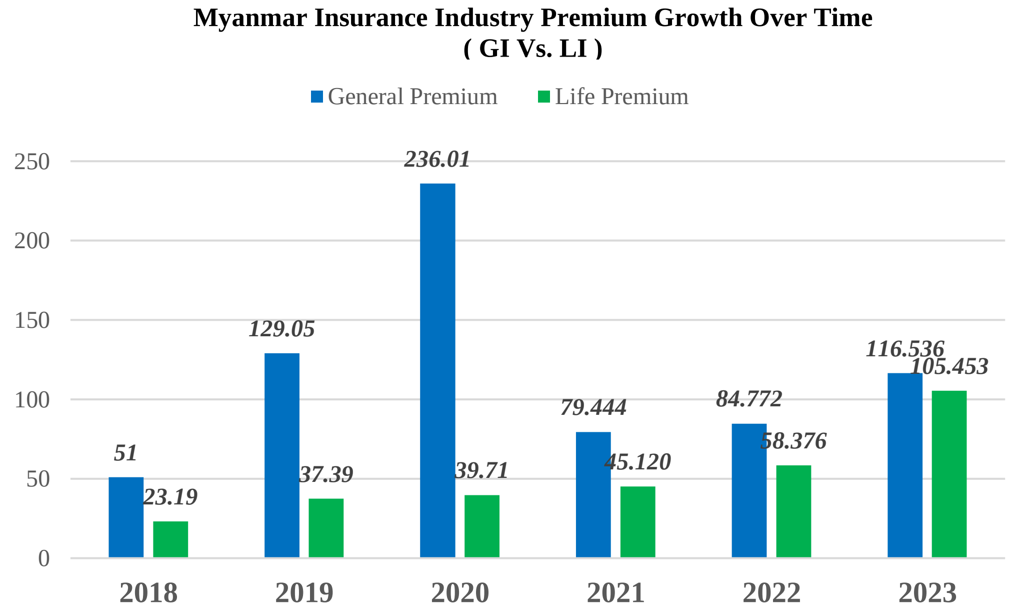
Objectives of MIA are;

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

APPENDIX (7)

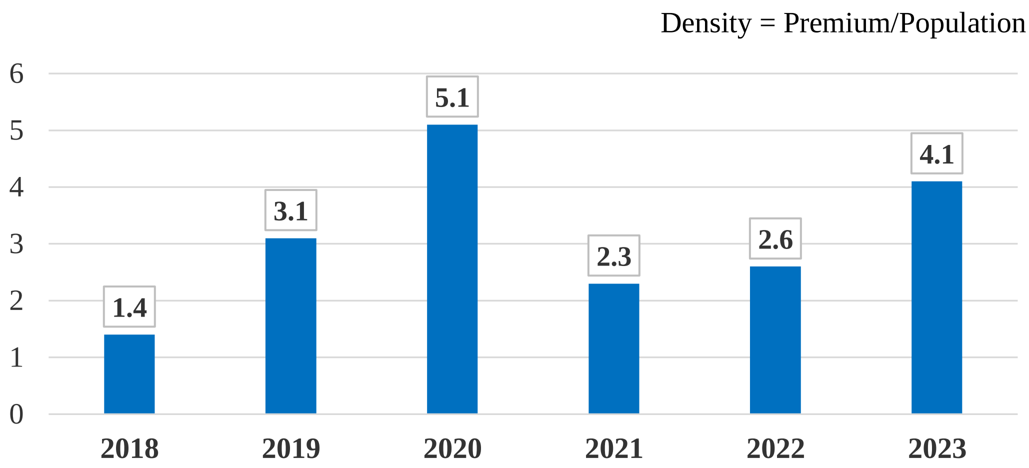


Source: Myanmar Insurance Association (MIA), 2024



Source: Myanmar Insurance Association (MIA),2024

Myanmar Insurance Industry Insurance Density (USD)



Source: Myanmar Insurance Association (MIA), 2024

Myanmar Insurance Industry Penetration