

**FACTORS INFLUENCING ON CONSUMER PURCHASE
DECISION OF COMPREHENSIVE MOTOR INSURANCE
(A CASE STUDY OF COMPREHENSIVE MOTOR
INSURANCE POLICYHOLDERS IN YANGON)**

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1. Introduction

- People require a nature of security both for the present and the future in their life.
- Insurance can be recognized with the title of the protections that people need.
- Of the various types of insurance that can provide protection for people, comprehensive motor insurance is one of the most important types for motor vehicle users.
- It can get the benefits both for the insured vehicle and for the vehicle and property of third party.
- However, it is not a compulsory insurance.
- Thus, number of policyholders is still small compared to the whole country motor vehicle usage rates in Myanmar. (nearly 21% of vehicle usage rates based on previous research and 2018 & 2019 Myanmar statistical year book)

Cont.

- Insurers will need to develop the marketing ideas as a result of the consumer usage rate will be increased.
- To do that insurers need to understand the purchase behavior on this type of insurance and determine the factors which consumers take into consideration in buying comprehensive motor insurance.
- This study is an attempt to know the consumer purchase behavior, to examine the influencing factors and then how these factors influence the consumer purchase decision of comprehensive motor insurance.

About Comprehensive Motor Insurance

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

For insured vehicle	For the vehicle and property of Third Party
<ul style="list-style-type: none">• By accidental collision or overturning• By impact damage caused by falling objects• By fire, external explosion• By malicious act• Whilst in transit by road, rail, inland waterway• Strike, Riot and Civil Commotion	<ul style="list-style-type: none">• The maximum compensation amount for death or bodily injury caused to any other person in the event of an accident occasioned by arising out of the use of the insured vehicle is Kyats One Million (Ks. 1,000,000.00) (The maximum compensation amount for any one occurrence is Kyats 50 Million (Ks. 50,000,000.00))

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

Source: <http://mminsurace.gov.mm/comprehensive-motor-insurance/>

General Insurance Companies in Myanmar

No.	Local	Joint Venture	Representative Office
1.	Aung Thitsa Oo Insurance	AYA SOMPO Insurance	Mitsui Sumitomo Insurance Co.
2.	Excellent Fortune General Insurance	Grand Guardian Tokio Marine General Insurance	New India Assurance Company
3.	First National Insurance (General)	KBZ MS General Insurance	
4.	Global World Insurance		
5.	Myanma Insurance		
5.	Young Insurance Global		
6.	Pillar of Truth Insurance		

Source: <http://apps.asiainsurancereview.com/IDA/Asp/CompanyList.aspx?company=&type=&jobType=&country=Myanmar&search=company>

2. Literature Review

Previous Research Studies

Author	Title	Factors	Results
Awunyo-Vitor (2012)	comprehensive motor insurance demand in Ghana	income, value of the car, age of vehicle, perception of the premium, and claim procedure	demand is related to the key factors price negatively affected demand
Mankum (2019)	Purchase influences in Motor Vehicle Insurance	Personal factors, psychological factors, social factors and cultural factors	personal factors did not affect psychological factors, social factors, and cultural factors
Suganthi (2016)	demographics and socio-economic variables and their role in determining attitude about life insurance and purchase-decision in rural sector	gender, age, marital status, family type, education, occupation and average monthly of the family, loan obligation, borrowing source, SHG membership, Save income	the source of borrowing significantly influences on insurance purchase decision and attitude others variables have mixed impact
Wang (2010)	factors influencing consumers' life insurance purchasing decision in China	knowledge and trust, consumer profile and investment preferences, importance of product attributes, and socio-demographics	most important factors is product attribute that is affecting Chinese consumers' ownership of life insurance.

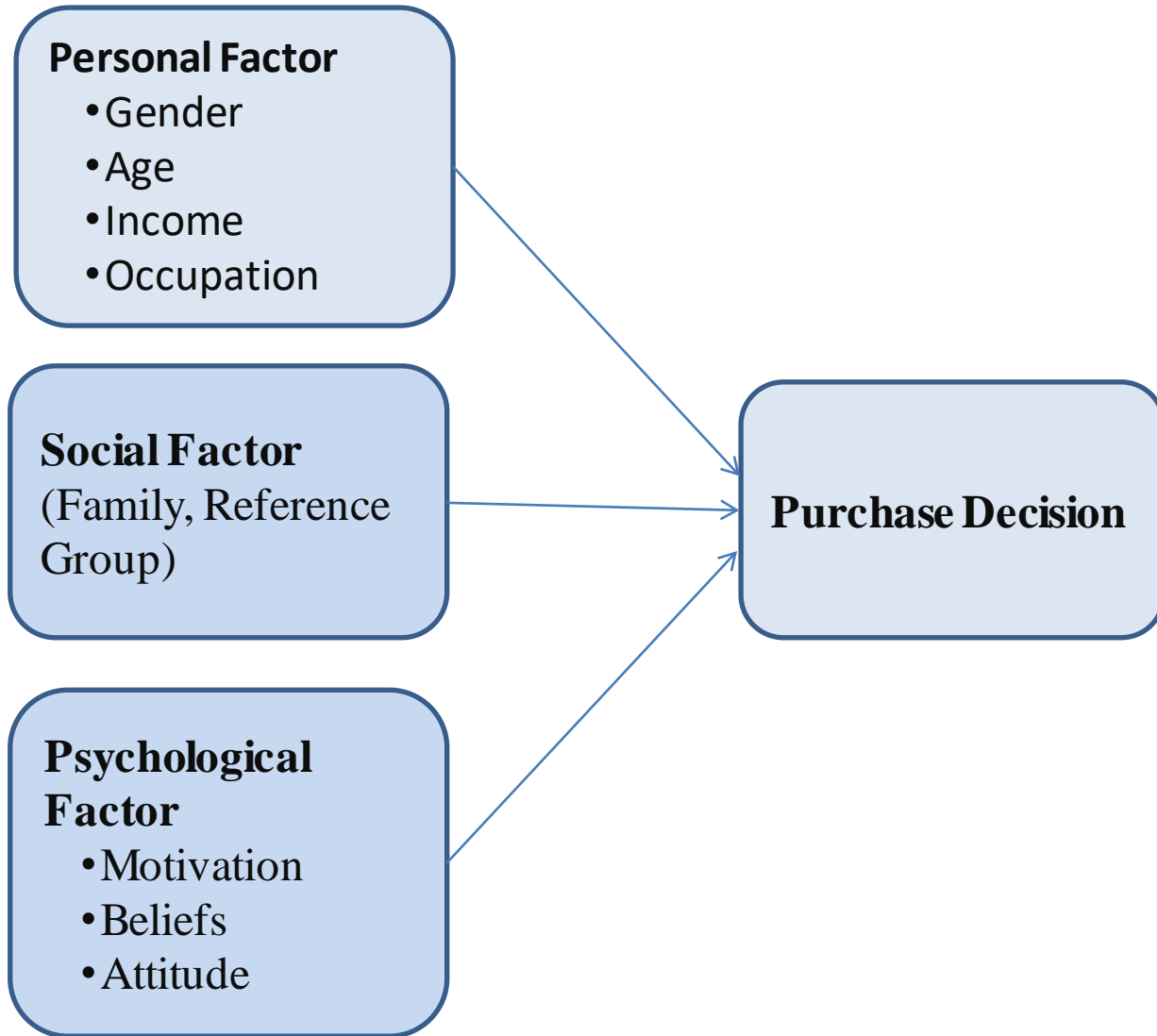
3. OBJECTIVES OF THE STUDY

- To understand the purchasing patterns of the comprehensive motor insurance policyholders
- To analyze the influencing factors on consumer purchase decision of comprehensive motor insurance

4. HYOPOTHESES OF THE STUDY

- H1: The personal factors (gender, age, income and occupation) have an effect on consumer purchase decision of comprehensive motor insurance.
- H 2: The social factors have an effect on consumer purchase decision of comprehensive motor insurance.
- H3: The psychological factors (motivation, beliefs, and attitude) have an effect on consumer purchase decision about comprehensive motor insurance.

5. Conceptual Framework



Figure(1) - Own Compilation

6. Research Methodology

Population Sample & Scope	Data Collection Methods	Type of Questionnaires	Data Analysis Methods
Comprehensive motor insurance policyholders in Yangon area.	<p>Two-stage random sampling method</p> <ul style="list-style-type: none"> • 1st stage, 6 general insurance companies out of 12 general companies in Yangon 	<ul style="list-style-type: none"> • open-ended questions • close-ended questions • seven point likert scale questions (1= Strongly Disagree, 2=Disagree, 3=Somewhat Agree, 4= Neutral, 5=somewhat agree, 6= Agree, 7= Strongly Agree) 	<ul style="list-style-type: none"> • Multiple regression model • Statistical software SPSS 25
225 response rates out of 500 policyholders	<ul style="list-style-type: none"> • 2nd stage, 500 policyholders from selected 6 general insurance companies 	<p>6 Companies</p> <ul style="list-style-type: none"> • AYA SOMPO Insurance • First National Insurance (General) • Global World Insurance • Grand Guardian Tokio Marine General Insurance • KBZ MS General Insurance • Young Insurance 	

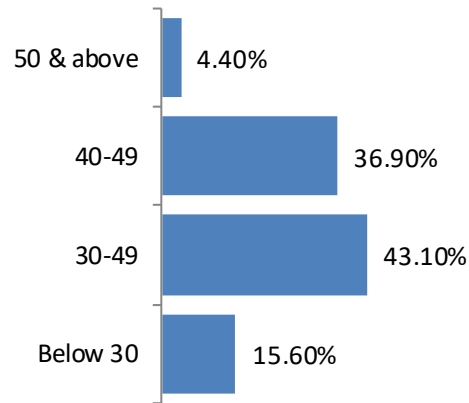
7. Results and Finding

Personal characteristics of respondents

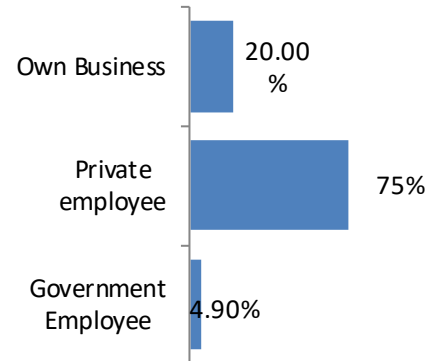
Gender



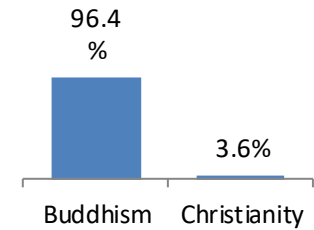
Age



Education



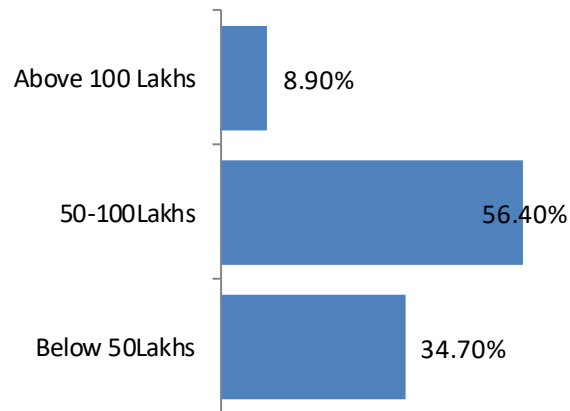
Religion



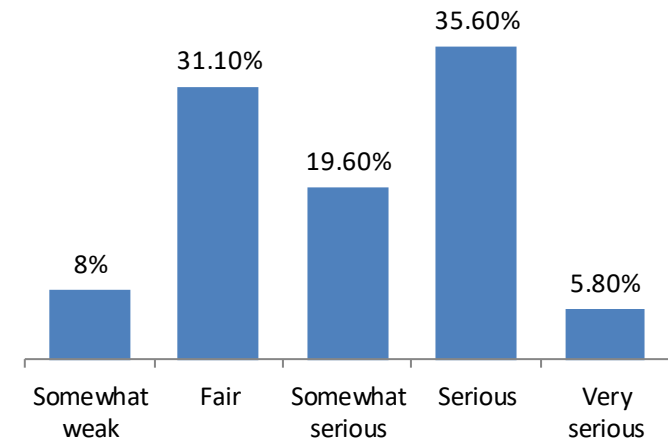
Marital status



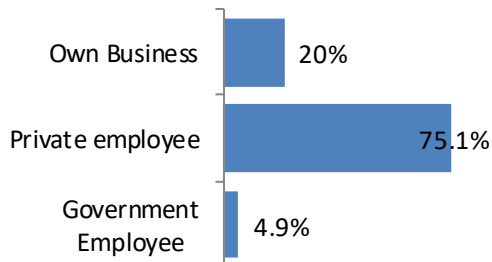
Annual Income



Faithfulness of Religion



Occupation



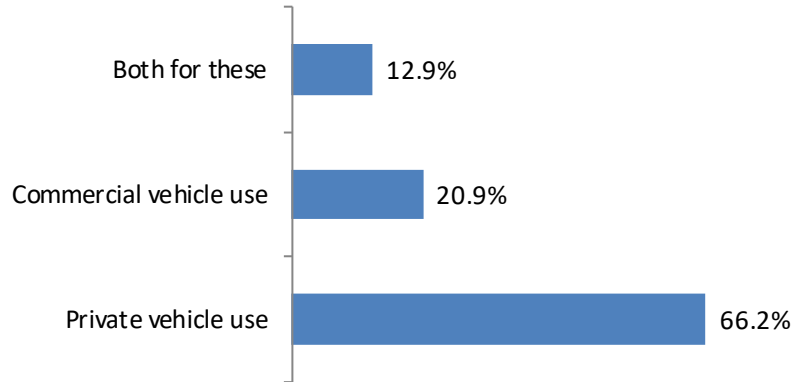
Source: Survey Data (2020)

Personal characteristics of respondents

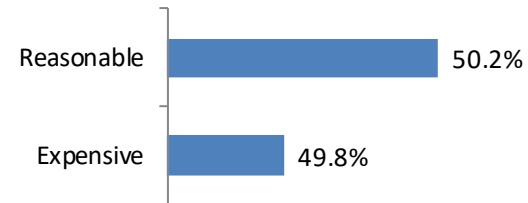
- As the survey results, majority group of respondents who purchase the comprehensive motor insurance are male, age group between 30-49 years, married people, Buddhism, serious person about their religions, Graduate people, private employees, and annual income between 50- 100 lakhs.

Policyholders' Purchasing Patterns

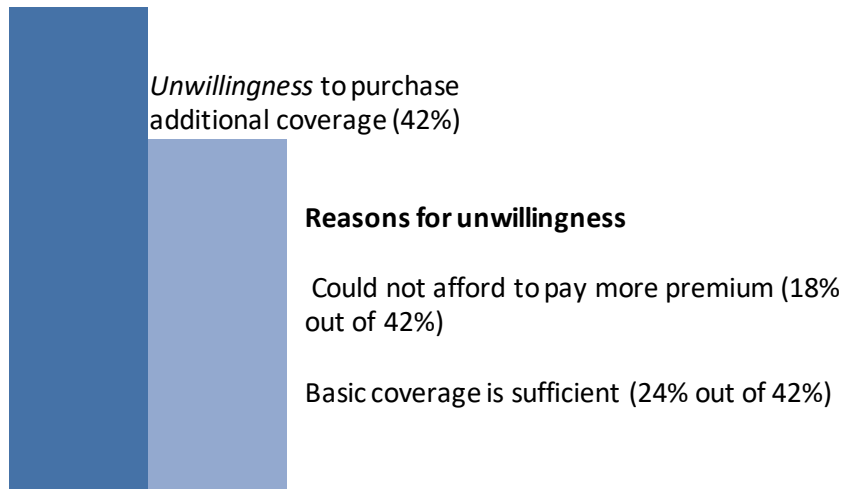
Purpose for :



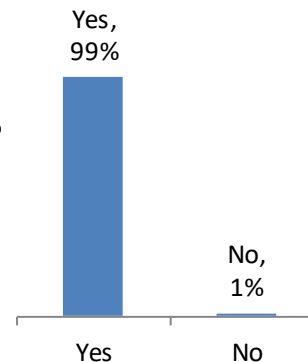
Policyholders' assessment on insurance premium for comprehensive coverage



Willingness to purchase additional coverage (58%)



Willingness to renew with current insurance company

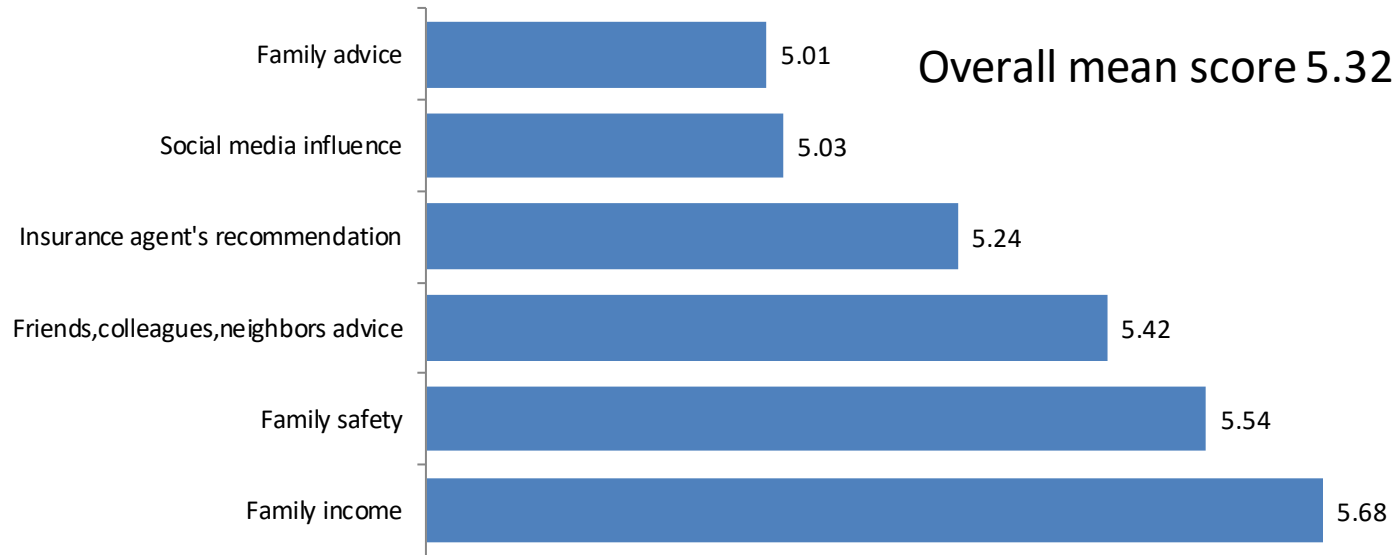


Reasons to renew with current company

- Good Services 42%
- Clearly stated compensation methods 22.7%
- No claim bonus/discounts 17.3%
- Reasonable Premium price 16.4%

Social influence on Purchase Decision

Social Factor (family, reference groups) Mean score



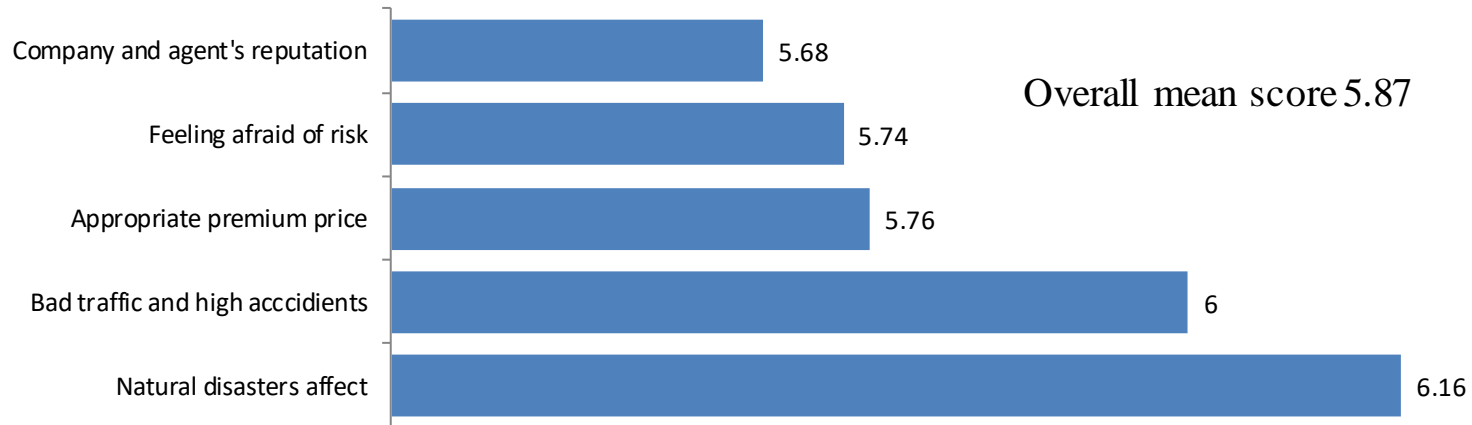
Source: Survey Data(2020)

Based on the highest mean score 5.68, family income is the highest agreement level about the policyholders' purchase decision.
The overall mean value of the purchase decision is 5.32 which is between somewhat agree and agree on points.

Psychological Influence on Purchase Decision

The information on policyholders' psychological factors (motivation, beliefs and attitude) about comprehensive motor insurance is presented in the study.

Psychological Factor (Motivation) Mean score

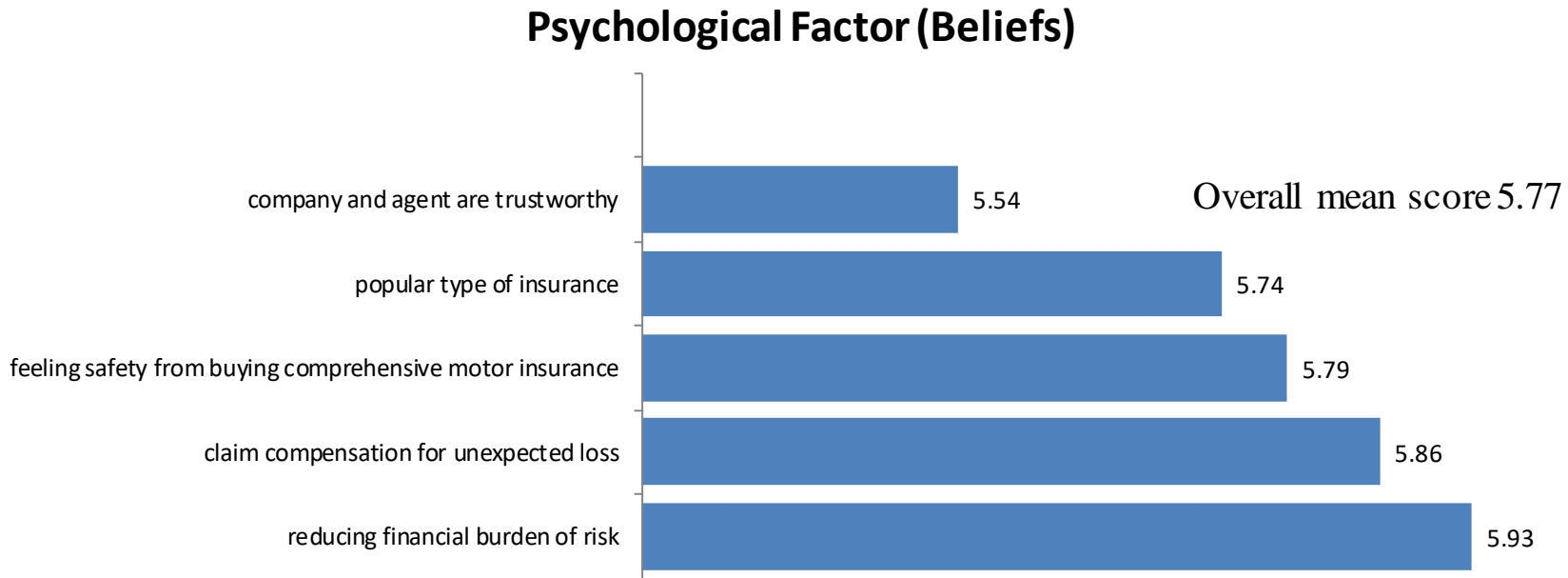


Source: Survey Data(2020)

Regarding survey results on the respondent's motivation, the overall mean score represents 5.87 which means that respondents mostly responded the motivation statements between somewhat agreed and agreed.

According to the highest mean score 6.16, the most motivating reasons are natural disasters that may cause unexpected events.

Psychological Influence on Purchase Decision

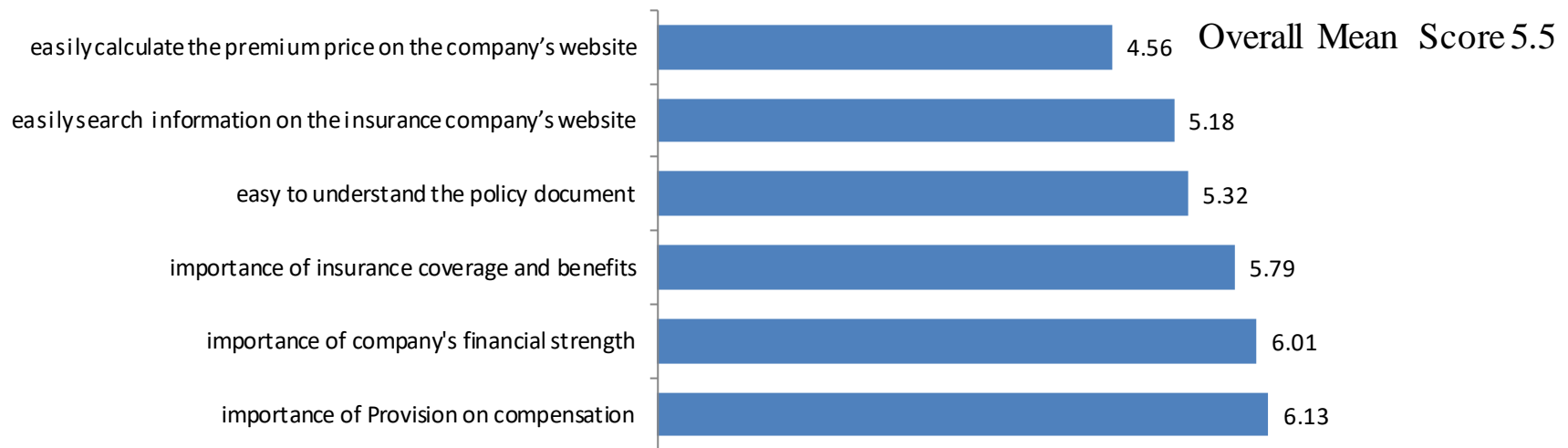


Source: Survey Data (2020)

As stated in the overall mean score of 5.77, the respondents mostly responded between somewhat agree and agree about the beliefs on comprehensive motor insurance.

Psychological Influence on Purchase Decision

Psychological Factor (Attitude)



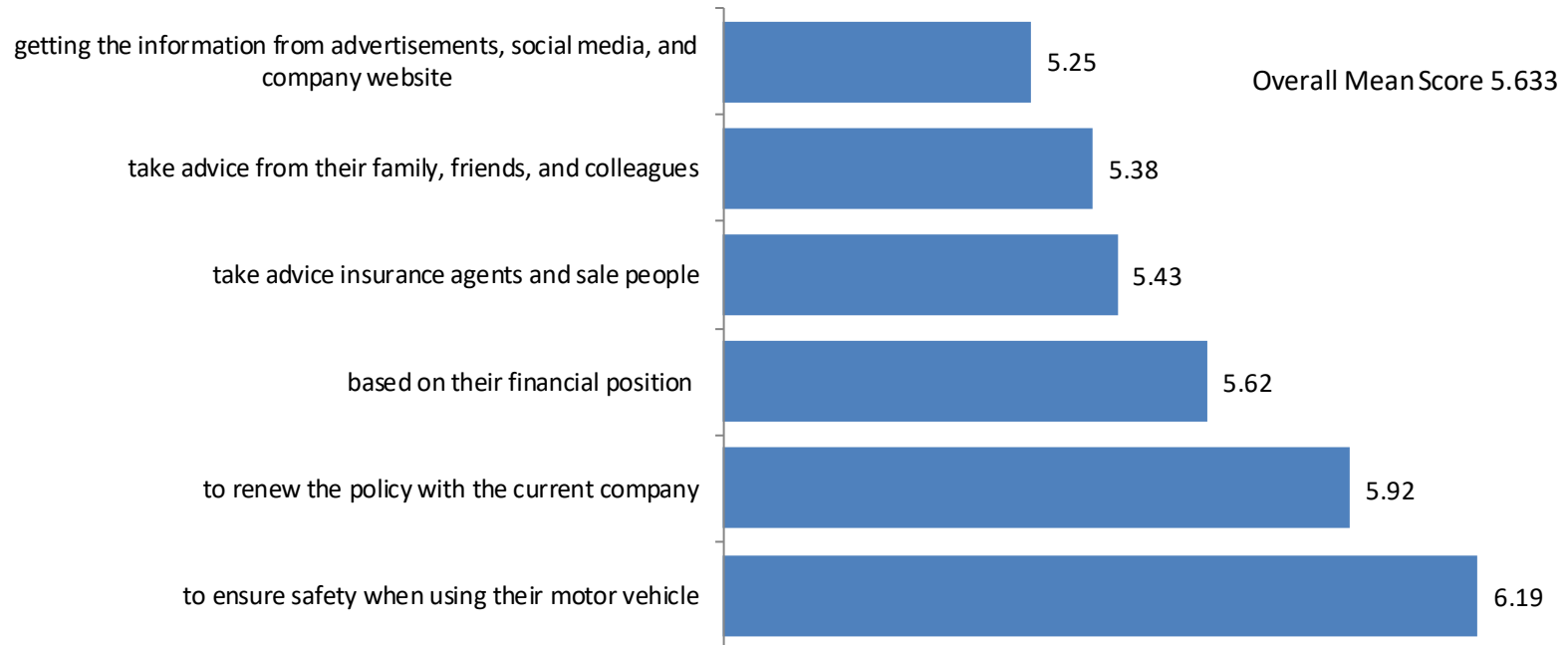
Source: Survey Data (2020)

For the overall mean score, the respondents mostly answered the attitude statements between somewhat agree and agree.

This means that most respondents may understand the important of comprehensive motor insurance and have the positive attitude on insurance services.

Purchase Decision Process

Purchase Decision Process



Source: Survey Data (2020)

The overall mean score of the purchase decision is 5.633 which is between somewhat agree and agree on points. This means that policyholders make the purchase of comprehensive motor insurance based on purchase decision process.

Multiple Regression Analysis

H1: Personal factors(gender, age, income and occupation) have effect on purchase decision about comprehensive motor insurance.

H2: Social Factors have effect on purchase decision .about comprehensive motor insurance.

H3: Psychological Factors(motivation, beliefs and attitude) have effect on purchase decision about comprehensive motor insurance.

Effect of Personal , Social , Psychological Factors and Purchase Decision of Policyholders

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error				
(Constant)	1.15***	0.348		3.30	0.001	
Gender	0.085*	0.062	0.062	1.362	0.074	1.045
Age	0.002	0.004	0.017	0.358	0.721	1.102
Income	0.101**	0.040	0.174	2.529	0.018	1.134
Occupation	0.025	0.077	0.016	0.332	0.740	1.121
Social factors	0.239***	0.036	0.367	6.658	0.000	1.538
Motivation	0.118**	0.057	0.115	2.090	0.038	1.516
Beliefs	0.200***	0.049	0.220	4.054	0.000	1.481
Attitude	0.238***	0.048	0.262	4.973	0.000	1.399
R						0.756
R ²						0.572
Adjusted R ²						0.556
F						36.1*** (P-value=0.000)

Source: Survey Data

Notes:*** Significant at 1% Level, ** Sig. at 5% Level

*Sig. at 10% Level.

Dependent Variable: Purchase decision

Effect of Personal , Social , Psychological Factors and Purchase Decision of Policyholders

- As shown in table, R is 0.756 which means that the policyholders' purchase decision and independent variables (personal, social and psychological factors) are correlated.
- R^2 (proportion of the variance in the dependent variable accounted by model) is 0.572 and adjusted R^2 is 0.556 with eight independent variables.
- This indicates those independent variables can explain 55.6% of the variance in dependent variable.

Cont.

- It is found that there is a positive relationship between personal factors (gender and income) and purchase decision at 5% and 10% significant level.
- Therefore, male is more purchase decision about motor insurance than female and high income is more purchase decision about motor insurance than low income.
- Social factors have positive effect on purchase decision about motor insurance as well as psychological factors (motivation, beliefs and attitude) have positive effect on purchase decision about comprehensive motor insurance.
- By the results, social factors are the most influence factors of purchase decision about comprehensive motor insurance.

8. Conclusion

- According to survey results, social factor is the most influencing factors on purchase decision.
- Therefore, Insurers need to emphasis an easy-to-reach information system that will reach to their potential customers.
- In addition, current policyholders also need to be provided with timely information. This is the point to increase the awareness of insurance services among the customers.

Conclusion

- The second influencing factor on consumer purchase decision of comprehensive motor insurance is psychological factors (motivation, beliefs and attitude).
- This study can indicate the point that consumer interest can be influenced by focusing their psychological factors.
- Third influencing factors are personal factors (gender, income,).
- Gender and income significantly influence on purchase decision.
- The study reveals that different gender and income level influence the decision to purchase comprehensive motor insurance.
- Based on the results of the research, insurers should find out the target group of potential consumers.

Conclusion

- In spite of the fact that most of the policyholders know about comprehensive motor insurance, there were still a few policyholders who are not sure to agree the importance of comprehensive motor insurance.
- The influencing factors on purchase decision is crucial in order to get long-term commitment purchases and to focus on the potential right consumers in the future.

Thank You.