



MODE B

**THE STUDY OF CONSUMER PURCHASE DECISION ON MEDICAL
AND HEALTH INSURANCE IN MELACCA**

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CHAPTER 1

INTRODUCTION

1.1. Background of the Study

There a lot of critical issue occurs in insurance industry and the awareness toward insurance product still become insolvent issue for centuries. Insurance have exist for decade and being used to transfer the risk that may become a burden to the insured (Shah M., 2008).

There are numerous of product in insurance industry that relates to every single industry or individual who burden to the risk exposed in the environment. The type of insurance would be different according to the type of risk exposed to the individual and organization. Insurance services consist of life insurance and non-life insurance. In life insurance includes term insurance, whole life insurance, and annuity. Meanwhile, for non-life insurance includes motor insurance, fire insurance, and house owner insurance and other.

This research paper will be focused on what makes insurance highly demand on medical and health insurance. The researcher already did a simple discussion with expertise related to the topic and trying to find the proximate cause that effect consumer purchasing decision to medical and health insurance. The study will try to determine the main factors that contribute to the buying behavior of medical and health insurance.

The researcher will focus on consumer purchase decision and there are limited studies and previous conducted in Malaysia on topic selected. In current situation in Malaysia, there are few survey and research done by professional and selected organization and

the data is difficult to collect. Governments also have their own health care system that would be similar to medical

1.2. Problem Statement

Consumer purchase decision is factors often overlooked in insurance system design. There would be dispute on Medical and Health Insurance market that effect customer decision.

According to Great Eastern Life Assurance (Malaysia) Berhad Vice President, Kam Lee Lan, said the level of awareness among Malaysians to have medical or life insurance is also very low in the country (Daily Express, 2010). It shows that the awareness of insurance product still critical level since insurance exist for long time. GG Kam Lee Lan also illustrate that out of 28.3 million Malaysians, only 40 to 42 percent of them are insured and of this, only 15 percent possess medical or health care insurance and about 60 percent of Malaysians do not possess a single insurance policy to protect their lives(Daily Express, 2010).

The Star (2009) reported Datuk Dr Jacob Thomas estimated that only about 40 percent of the country's population or 10.8 million Malaysians are medically insured. This leaves about 16.2 million people without health insurance policies. In the same articles reported that there is affordability issue on consuming health and medical insurance and used public health care as a solution to pay the medical expenses occur.

Less than half of Malaysian citizen aware for their misfortune in their lives and the other 60 percent will have a problem during and before retirement because they usually used