

CN: 12221
Ab1

HG
965
A94
2003



UNIVERSITI TEKNOLOGI MARA

**A STUDY OF THE PURCHASED INTENTION OF FIRE
INSURANCE SCHEME AT KOTA SAMARAHAN AREA**

**AZIS MADIAN
99511457**

**BACHELOR OF BUSINESS ADMINISTRATION WITH
HONOURS (MARKETING)**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SARAWAK**

OKTOBER 2003



ABSTRACTS

The project paper is part of the requirement for completion of the course, Bachelor of Business Administration (Hons) Marketing, University Technology Mara, Sarawak.

The project paper will concentrate on the purchase intention of fire insurance among Kota Samarahan people.

Fire insurance is still low of purchased cause most of the people does not know the impotence of it. The insurance is an industry develop significantly eve though the economic for Malaysia impact in 1997.

The study conduct to see the response of fire insurance scheme at the Kota Samarahan area.

TABLE OF CONTENTS

Title	Page
Chapter 1 : Introduction	
1.0 Introduction	1
1.1 Background and scope of study	2
1.2 Objectives	4
1.3 Problem Statement	4
1.4 Significant of study	4
1.5 Limitation and Caveat	4
1.6 Definition of term	5
Chapter 2 Literature of Review	6
2.1 Risk	7
2.2 Insurance	8
2.2.1 Conventional Insurance	8
2.2.3 Takaful	9
2.3 Fire	9
2.3.1 Introduction	9
2.2.2 Scope of coverage	10
2.3.3 What policy does not cover	11
2.3.4 Property value need to be covered	11
2.3.5 Claim procedure	12
2.4 Role of consumer education awareness	13
2.5 Demographic and background of Kota Samarahan	14



1 Introduction

1.1 Background and Scope of Study

The Malaysia insurance industry continued to record positive growth in the force of challenging economic environment. The industry registered a **premium income growth of 12.3%¹** driven by the life sector, particularly the annuity and investment linked business. The combined insurance funds asset continued to expand, respectively 4.2% of the total asset of the financial system. The event of 11 September in the United States resulted the largest insured losses in the history of insurance industry and impacted insurance industry world wide. However, Malaysia were not directly affected as they had minimal expose to risk outside Malaysia. There are 48 insurance company operates at Malaysia(excluding the potential reinsure and two direct insurance which were using of their general insurance). The most large insurance premium in Malaysia is Motor insurance, follow by Fire Insurance. Fire insurance business class accounting for 20.6% of total direct premium RM5996.8 mil for overall insurance collection premium.

“A Study of The Purchase Intention of Fire Insurance Scheme at Kota Samarahan” is the title for this research.

Kota Samarahan is the eight divisional in Sarawak. Insurance industry is still new to the resident of Kota Samarahan. There are several finance company located at there and increasing of housing estate can bring an opportunity to the insurance firm to explore the market. Until now only Syarikat Takaful Malaysia Berhad had a branch at Kota Samarahan. Others insurance concentrate on life insurance and motor insurance using an agent.

¹ Zeti Akhtar Aziz, Governor, Bank Negara Malaysia, 1st March 2002

2 Literature of Review

2.1 Risk

Risk is a potential variation in outcomes. Normally risk will be referred to the gain or loss when do some of action. In the investment the philosophy of “more high risk more high return” is hold until now. Individual and organization will determine the risk exposure after the future planning or strategy created. The preparation of some action or other plan will be created to face the risk. The preparation not only for consent on Monetary part but also the Human resources.

“ situation created whenever an act rise to possible gain or loss that cannot be predict”.²

From the explanation we can conclude that risk is a subjective statement. It depend to the preparation of individual or organization to make plan or strategy either to reduce or settle the problem. The plan or strategy must also comfit with the risk exposure so the continues problem can be measured. Undoubtly, organization or individual have notice to address and uncertainty and this will motivate them to rise to risk management. At its most basic level risk management in practiced because of the negative and possible of risk.

Risk management as an weapon to freed the outcomes that been predicted. For certain organisation a “Risk Manager” created to manage the risk. Te several action done to free the risk is buying insurance.

² C.Arthur William.JR L smith, Peter C.Young. Risk Management and Insurance. Eight Edition.McGraw Hill International Edition