

**THE FACTORS THAT INFLUENCE STU MEMBERS IN SECONDARY
SCHOOLS WITHIN SIBURAN SUB-DISTRICT TO PURCHASE
STU GROUP INSURANCE**

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ABSTRACT

STU Group Insurance is an insurance formed by STU in collaboration with the respective Insurance Companies. It is formed because STU is concerned about the rising cases of critical illnesses such as cancer, kidney failure as well as misfortunes arising from accidents; the rising cost of medical expenses and education; and a disciplined way of saving. The Group Insurance scheme is for STU members, spouses and children. It is an alternative to other insurance products as the premium is low with attractive benefits and coverage.

STU is the largest union in East Malaysia. Some teachers joined STU just for the sake of becoming members only. Despite the various efforts done by STU to promote its Group Insurance Scheme, some members are still not fully aware of it and the response is slow. The general perception is lack of awareness, knowledge and confidence among some of its members about group insurance.

Thus it is the objective of this study to find out the various factors that influence STU members to purchase STU Group Insurance.

CHAPTER 1 : INTRODUCTION

1.1. Background

The secondary schools within Siburan Sub-district are SMK Tun Abdul Razak, SMK Siburan and SMK Penrissen No.1. All 3 schools are grade A secondary schools. The administration of grade A secondary schools is headed by a Pengetua, who is in-charge of the overall administration of the School. The Pengetua is assisted by 4 Penolong Kanan. The Penolong Kanan Pentadbiran is in-charge of the academic affairs of the school. The Penolong Kanan (HEM) is in-charge of the students' welfare. The Penolong Kanan (K/K) takes charge of the co-curriculum activities. The Penyelia Petang is in-charge of the afternoon session.

SMK Tun Abdul Razak is managed by 91 teachers (64 Graduates and 27 non-graduates). SMK Siburan is managed by 113 teachers (53 graduates and 60 non-graduates). There are 118 teachers in SMK Penrissen No.1 (49 graduates and 69 non-graduates). The population of teachers in the three schools are 322. Out of the 322 teachers about 130 of them are STU members.

This Study is selected with the prior consideration of STU interests. STU was formed in 1965 with an initial membership of 600. As at April 2004, STU has 17,295 registered members and 13,858 members in benefit. This study focuses on the factors that influence STU members in secondary schools in Siburan Sub-district to purchase STU Group Insurance.

CHAPTER 2 : REVIEW OF THE LITERATURE

2.1 Concept

The purpose of this study is to determine the factors that influence STU members in secondary schools in Siburan Sub-district to purchase STU Group Insurance. STU is increasingly seeing Group Insurance as an important element of the members remuneration package and as a significant contribution to their welfare. In addition to that, it also contributes revenue to the union.

The union is very concerned about the rising cases of critical illnesses such as heart disease, cancer, kidney failure as well as misfortunes arising from accidents. The rising cost of medical expenses and education is also of great concern to the union. The union is also thinking of a retirement fund for its members so that they can have extra cash upon retirement. It was on these premises that STU initiated the Group Insurance Scheme with Amal Insurance Bhd, Great Eastern Life Insurance Bhd. and MUI Continental Insurance Bhd. These 3 Insurance Companies were chosen because STU feels that they offer the least premium and the best benefits.

Before a sale takes place the potential customer may be in one of the six distinct readiness state and it is important that the company has trained its sales and marketing staff to deal with each one. The six states are – awareness, knowledge, liking, preference, conviction, purchase. For the purpose of this study, the state of buyer readiness to be considered are awareness and knowledge that lead to STU members confidence and trust to purchase the Group Insurance Scheme.