THAIS' ATTITUDES TOWARD HOLDING LIFE INSURANCE: A CASE STUDY OF BANGKOK METROPOLITAN

A MASTER'S PROJECT

BY

KANOKRAT SUWAPORNSIL

Presented in Partial Fulfillment of the Requirements for the

Master of Arts Degree in Business English for International Communication

at Srinakharinwirot University

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AN ABSTRACT

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Kanokrat Suwapornsil. (2007). *Thais' Attitudes toward Holding Life Insurance : A Study of Bangkok Metropolitan.* Master's Project, M.A. (Business English for International Communication). Bangkok: Graduate School, Srinakharinwirot University. Project Advisor: Ms. Sopin Chantakloi.

The objectives of this study were to examine Thais' attitudes toward life insurance and to find out the factors influencing Thais' attitudes toward holding life insurance. The instrument employed in gathering data was questionnaires distributed to one hundred people working in Bangkok in four business areas: Silom, Sathorn, Pratunum and Yaowarat in January 2007. The data were analyzed using the frequency and percentage.

The results of the study revealed that most Thais had negative attitudes toward life insurance. According to the factors concerning the alternative types of life insurance, the findings indicated that Thais were interested in life insurance for saving and investing, followed by medical insurance and retirement insurance, respectively.

The results of the study indicated that Thais were willing to minimize the possibility of losing some of financial risk and be able to accept a moderate level of financial risk, and they also tended to take more financial risk than holding life insurance. In addition, this study revealed that Thais were able to manage their financial burden at the moderate level, and they had some knowledge and understanding concerning life insurance at the moderate level.

The results of the study also showed that internal factors affecting the purchasing decision were word-of-mount, relatives or friends, and personal's experience. In terms of external factors, the study showed that distribution channels and advertisements were the

important factors for life insurance purchasing.

ทัศนคติการทำประกันชีวิตของคนในเขตกรุงเทพมหานคร

บทคัดย่อ

ของ

กนกรัตน์ สุวพรศิลป์

เสนอต่อบัณฑิตวิทยาลัย มหาวิทยาลัยศรีนครินทรวิโรฒ เพื่อเป็นส่วนหนึ่งของการศึกษา

ตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต สาขาวิชาภาษาอังกฤษธุรกิจเพื่อการสื่อสารนานาชาติ

กันยายน 2550

กนกรัตน์ สุวพรศิลป์ (2550). *ทัศนคติการทำประกันชีวิตของคนในเขตกรุงเทพมหานคร.* สารนิพนธ์ ศศ.ม. (ภาษาอังกฤษธุรกิจเพื่อการสื่อสารนานาชาติ). กรุงเทพฯ: บัณฑิตวิทยาลัย มหาวิทยาลัยศรีนครินทรวิโรฒ. อาจารย์ที่ปรึกษาสารนิพนธ์: อาจารย์โสภิณ จันทะคล้อย.

สารนิพนธ์ฉบับนี้มีจุดประสงค์เพื่อศึกษาทัศนคติของคนไทยต่อการทำประกันชีวิต และศึกษาปัจจัยที่มีผลต่อการทำประกันชีวิต โดยกลุ่มตัวอย่างที่ใช้ในการวิจัยครั้งนี้คือคนทำงาน จำนวน 100 คนใน 4 เขตของกรุงเทพมหานคร คือ สีลม สาทร ประตูน้ำและ เยาวราช โดยกลุ่มตัวอย่างตอบแบบสอบถาม ในเดือน มกราคม 2550 และผู้วิจัยนำข้อมูลที่ได้รับมาวิเคราะห์ผลโดยใช้ค่าความถี่ และค่าร้อยละ

ผลการศึกษาพบว่า คนไทยส่วนใหญ่มีทัศนคติที่ไม่ดีต่อการทำประกันชีวิต นอกจากนี้จากการสำรวจปัจจัยเกี่ยวกับประเภทของการประกันชีวิตพบว่าคนไทยมีความสนใจในการทำประกันชีวิตแบบออมทรัพย์และลงทุน การทำประกันชีวิตเพื่อคุ้มครองค่ารักษาพยาบาล และการทำประกันชีวิตเพื่อการเกษียณ ตามลำดับ

จากการศึกษาปัจจัยเกี่ยวกับการทำประกันชีวิตของคนไทย พบว่าคนไทยมีความตั้งใจที่จะลดความเสี่ยงทางด้านการเงินในระดับปานกลาง และมีแนวโน้มที่จะยอมรับความเสี่ยงทางด้านการเงินมากกว่าการทำประกันชีวิต นอกจากนี้จากการศึกษายังพบว่าคนไทยมีความสามารถจัดการความเสี่ยงทางด้านการเงินในระดับปานกลาง และความเข้าใจเกี่ยวกับการประกันชีวิตในระดับปานกลาง

จากการศึกษาพบว่าปัจจัยภายในที่มีผลต่อการตัดสินใจซื้อประกันคือ การบอกเล่าปากต่อปาก เพื่อนและญาติ และประสบการณ์ส่วนตัว ส่วนปัจจัยภายนอกที่มีผลต่อการตัดสินใจซื้อประกันคือ ช่องทางการจัดจำหน่าย และการโฆษณา

The Master's Project Advisor, Chair of Business English for International Communication Program, and Oral Defense Committee have approved this Master's Project *Thais' Attitudes toward Holding Life Insurance: A Case Study of Bangkok Metropolitan* by "Kanokrat Suwapornsil" as partial fulfillment of the requirements of the Master of Arts Degree in Business English for International Communication of Srinakharinwirot University.

Project Advisor

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(Ms. Sopin Chantakloi)

Chair of Business English for International Communication Program

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(Assistant Professor Dr. Tipa Thep-Ackrapong)

Oral Defense Committee

……………………………………………………………………… Chair

(Ms. Sopin Chantakloi)

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(Dr. Walaiporn Chaya)

……………………………………………………………………… Committee

(Dr. Saengchan Hemchua)

This Master's Project has been approved as partial fulfillment of the requirements for the Master of Arts Degree in Business English for International Communication of Srinakharinwirot University.

…………………………………………Dean of the Faculty of Humanities

(Associate Professor Chaleosri Pibulchol)

September ….., 2007

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Kanokrat Suwapornsil

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

TABLE OF CONTENTS (continued)

Chapter **Page**

LIST OF TABLES

Table **Page**

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

Background

Life is full of unexpected events that can create large financial losses and affect people by causing worry about potential loss and how to deal with the consequences. Meanwhile, people can never be fully certain of what the future hold, they desire and seek for the need of safety and security. Alternatively, an individual can transfer the financial effect of risk to a party, the most common form of which is life insurance. In Thailand, generally, Thai people welfares are provided from a variety of institutions. For example, some can get injury and illness coverage under Thai Social Security, the Universal Coverage healthcare scheme, and a health care policy from an employer. Some can get the disability coverage under Thai Social Security and a health care policy from an employer while some can get the pension and death resulting from employment under Thai Social Security and an employer’s insurance. However, people have a wide range of personal demands, different of risk factors and various degrees of risk awareness. Life insurance can respond to those various factors that suit an individual. Furthermore, life insurance is an extremely important element of personal financial plan, social development and economy.

Life insurance has significantly evolved financial protection against losses for Thais. It helps people reduce anxiety over possible loss in their life and eases the financial burden of its consequences by transferring the risks of a person to an insurance company. The policyholder reimburses the insured for covered losses in any unfortunate occurrence by including the medical claim reimbursement, disability or premature death compensation, mortgage payment, education fund, pension, and saving. Furthermore, it helps instill saving discipline because the insured have to continually pay premiums to keep their policies in force, like they make fixed deposits to banks. In addition, a policyholder can borrow a policy's cash value by taking a policy loan when he/she faces a financial problem. Life insurance has been increasing its importance as a means for individuals and families to manage their income risk. It provides financial stability to the policyholders and their families as well.

Life insurance plays an important role in Thai social development in relieving some burdens of the government social welfare by supplement the government benefits such as medical claim and disability burden. To accelerate holding life insurance, the government can leverage their efforts on core social protection benefits. Therefore, the government has contributed life insurance scheme by entitling personal tax deduction. The policyholders are entitled to a tax deduction for a policy that has coverage period of 10 years up but not exceeding 50,000 Baht (The Revenue Department. (2006). *Personal Income Tax*. (Online)). Furthermore, life insurance strongly benefits Thai society by helping the loss of earning capacity, and the loss of income, the medical expenses. Hence, life insurance is a significant way to reduce social burden. The uses of insurance are individual's different problem such as to reduce the adverse financial impact if a loss has become an important element of financial planning in Thai society.

Life insurance has become an increasing important component of the financial sector as it has been providing a variety of financial services for Thais. Life insurance products encourage long-term savings and the re-investment in financial and capital markets. Insurance markets have the capacity and infrastructure to deliver a variety of services, and synergies which arise between life insurance and other financial services that improve financial sector effectiveness and economic productivity. To generate Thailand's economic growth, a well-developed insurance sector helps to enhance overall efficiency of Thai financial system by mobilizing long-term savings, fostering efficient capital allocation and complementing government in social welfare.

Presently, Thais have responded to a wide range of social, environmental and financial forces such as the internal security situation in the south of Thailand and rise in cost of living that reflects the demands for high quality of life, life protection, and supplementary health. Moreover, life insurance takes part in society in decreasing individual's burden and anxiety by providing benefits to help Thais pay for the medical treatment of sickness or injury and maintaining financial stability. Therefore, Thais are more aware of protecting themselves and their families in the event of accident, injury, illness events, or premature death. In addition, holding life insurance assures that they will be able to meet funds available for their major target expenses, financial burden for childcare and medical expenses to maintain their standard of living. Increasing the awareness of life insurance ownership helps Thais understand its value as well as secures appropriate protection for themselves.

Statement of the Problem

To view a full picture of Thailand's insurance sector, it is extremely important to consider Thailand's insurance capacity and growth through an in-depth analysis. From

Overall insurance business in 2004 to 2005 and trend in 2005 in *Insurance annual report* by Department of Insurance Thailand (*2005*. p. 84), the significance of the insurance industry is measured by two indicators: insurance density and insurance penetration. Insurance density, measured by total annual premium payments divided by population, indicates the current state of the market. Insurance penetration, measured by percentage of insurance premiums in gross domestic product, indicates growth potential (*Ibid*.p.83).

The insurance industry in Thailand has shown gradual growth, as shown in Table 1. Life insurance density continually rose from 206.12 in 2000 to 364.6 in 2004. Also, Thailand's insurance penetration increased from 4.23 percent in 2000 to 6.1 percent in 2004. Although both insurance density and insurance penetration indicated the higher growth of insurance consumption in Thailand (as shown in Table 1), the number was in low rate compared with other countries (as shown in Table 2). In addition, both Thailand's insurance density and insurance penetration are relatively low, compared with other Asian countries, Asia average, and world average. In 2004, the Thailand's insurance penetration rate was only 1.94 percent while most of Asian counties are much higher as shown in Figure 1. Furthermore, the low life insurance growth rate was confirmed when comparing with the world average (4.55) and Asia average penetration (291) as shown in Figure 1. For insurance density, Thailand is also far behind many other Asian countries. For instance, in 2004, Thailand's insurance density is only $ 50.8 while those of Japan's, Hong Kong's, Taiwan's, Singapore's, South Korea's and Malaysia's are $ 3,044, $1,884.30,$1,494.60, $1,483.90,$1006.80 and $167.30 respectively. Thailand's insurance density also showed that Thais were less interested in holding life insurance compared with the world average (147.20) and Asia average density (5.58) as shown in Figure 2.

Table 1 Thailand's life insurance growth during 2000-2004

Year	2000	2001	2002	2003	2004
1. Population (millions baht)[1]	61.88	62.31	62.80	63.08	61.97
2 GDP (billion baht) [1]	3,008.4	3,073.6	3,237.0	3,464.7	3,678.5
Premium (million baht) [2]	1,275,464.96	1,450,885.67	1,688,731.17	1,969,889.84	2,259,395.36
Insurance Density (Premium per capita)	206.12	232.85	268.91	312.28	364.6
Insurance Penetration	4.23	4.72	5.2	5.69	6.1
Number of Policies[2]	7,369,282	7,750,619	8304382	8,909,658	9,601,625

Sources: 1. Bank of Thailand. (June 8, 2006). *Thailand's Macro Economic Indicators: Thailand's Key Economic Indicators.* Online.

2. The Thai Life Assurance Association. Annual Statistic Report: *Life Insurance Annual Statistic Report 2000-2004*. Online.

Table 2 Life insurance density and life insurance penetration in 2004

Country	Life Insurance density In US$	Life insurance penetration (premiums in % of GDP)
Switzerland	3,275.10	6.73
United Kingdom	3,190.40	8.93
Japan	3,044.00	8.26
Ireland	2,617.40	5.74
Finland	2,461.00	6.89
Denmark	2,310.50	5.15
Belgium	2,291.20	6.73
France	2,150.20	6.38
Netherlands	1,936.50	5.43
Hong Kong	1,884.30	7.88
Sweden	1,764.30	4.56
Norway	1,714.40	3.14
United States	1,692.50	4.22
Taiwan	1,494.60	11.06
Singapore	1,483.90	6.02
Italy	1,417.20	4.86
Australia	1,285.10	4.17
Germany	1,021.30	3.11
Luxembourg	1,007.10	1.43
South Korea	1,006.80	6.75
Austria	955.30	2.63
Canada	926.10	2.97
Portugal	768.10	4.66
Spain	571.90	2.38
South Africa	545.50	11
Trinidad and Tobago	484.50	5.77
Israel	467.40	2.76
…	…	…
Thailand	50.80	1.94
Asia Average	147.20	5.58
World Average	291.50	4.55

Source: Swiss Re. (2005). World insurance in 2004: *Growing premiums and stringer balance sheets*. pp.39, 41. Online.

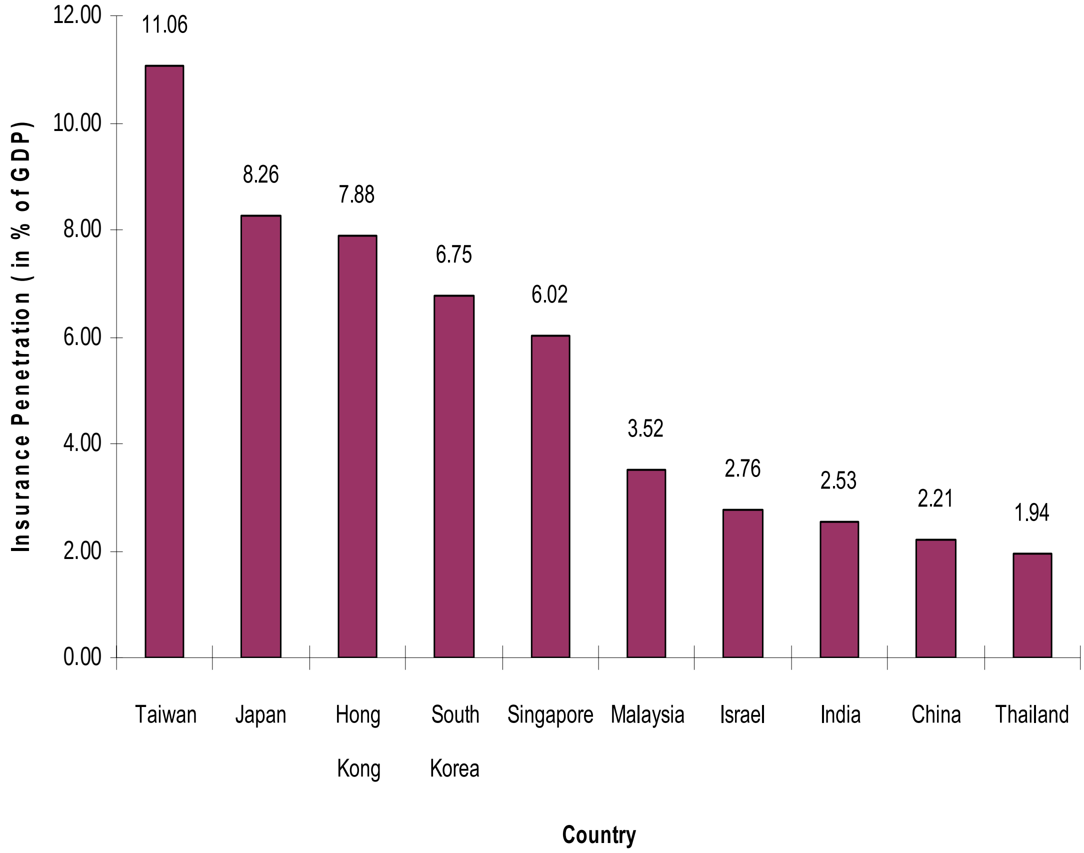

Figure 1 Comparison of Thailand's insurance penetration with top 10 ten Asian countries

Source: Swiss Re. (2005). World insurance in 2004: *Growing premiums and stringer balance sheets*. p.41. Online.

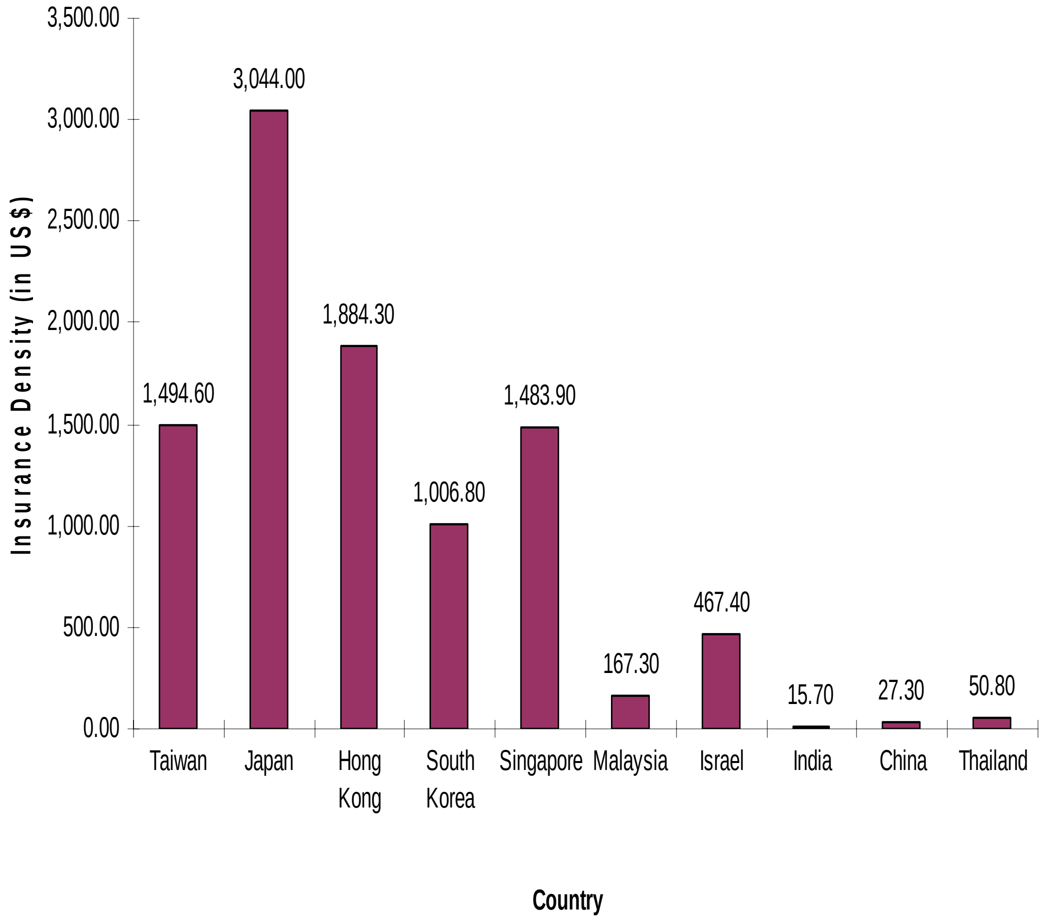

Figure 2 Comparison of Thailand's insurance density with top 10 ten Asian countries

Source: Swiss Re. (2005). World insurance in 2004: *Growing premiums and stringer balance sheets*. p. 39. Online.

Obviously, Thailand’s insurance penetration and insurance density are much lower compared with many other countries. Since Thais’ attitudes toward holding life insurance is one of the indicators concerning the growth of insurance sector, increasing an awareness of their risks in life and having an adequate insurance coverage level can increase recognition of their role in helping to protect themselves and their families. Therefore, it is interesting to conduct a study to explore Thais’ attitudes toward holding life insurance.

Objectives of the Study

The objectives of this study were to examine Thais’ attitudes toward life insurance and the factors affecting their attitudes. This study addresses two objectives:

1. To investigate Thais’ attitudes toward life insurance.
2. To find out factors that influence Thais’ attitudes toward holding life insurance.

Research Questions

The research questions of this study are as follows:

1. What are Thais’ attitudes toward life insurance?
2. What factors affect Thais’ attitudes toward considering holding life insurance?

Significance of the Study

The results of the study provided a better understanding on how Thais consider the importance of holding life insurance. The findings will benefit the insurance companies on sustaining more efficient alternatives to improve their plans and evaluate the future growth of life insurance industry. Also, the factors influencing holding life insurance was explored and analyzed, and the analysis is beneficial for Thai government to effectively provide a significant portion of public health and social welfare for Thai population.

Scope of the Study

The study covered one hundred people working in four business areas in Bangkok: Silom, Sathorn, Pratunum and Yaowarat. The participants were randomly selected from office workers who have fixed income and self-employed people who have flexible income. This study attempted to measure attitudes of people in Bangkok toward holding life insurance and factors that influence those attitudes. It explored the risk tolerance and risk attitude of future plan in their life. Furthermore, it covered two groups of people: office workers who have fixed income and self-employed people who have flexible income.

Definition of Terms

Attitudes are personal view or opinion toward holding life insurance.

Cash value is a saving element of a life insurance policy which in addition to providing a benefit upon the death of the policyholder and also accumulates cash value over time enabling benefits to be paid out to the policyholder.

Policyholder is a person that holds an insurance policy.

Insured person is a person whose life is insured under the policy.

Premium is a sum of money paid for insurance**.**

Insurer/ Insurance company is a financial institution to an insurance arrangement who undertakes to indemnity for losses.

Office worker is one who works for an employer.

Self-employed person is one who works for himself/herself instead of for an employer or a company.

CHAPTER 2

REVIEW OF LITERATURE

In this chapter, a review of the literature concerning this study will be presented. First, the definition of attitude and attitude components will be explored. Then, the concepts of risk, risk management and risk tolerance regarding the theory of risk evaluation will be investigated. Finally, previous related research will be discussed.

2.1 Definition of Attitude

Martin Fishbein (1967:26) defines “attitude” as characterized as the individual’s immediate and implicit response with drive strength which occurs within the individual as a reaction to stimulus patterns and which affects subsequent overt response.

2.2 Attitude Component

Philip G. Zimbardo; Ebbe B.E Bbesen; & Christina Maslach (1977:19-22) point out that individual’s attitudes toward an object is stimulated by three components: effect, cognition, and behavior.

1. The affective component is the person’s evaluation of emotional response, feeling to an object or a person.
2. The cognitive component is individual beliefs, knowledge and experiences to an object or a person.

3. The behavior component is an action toward an object or a person.

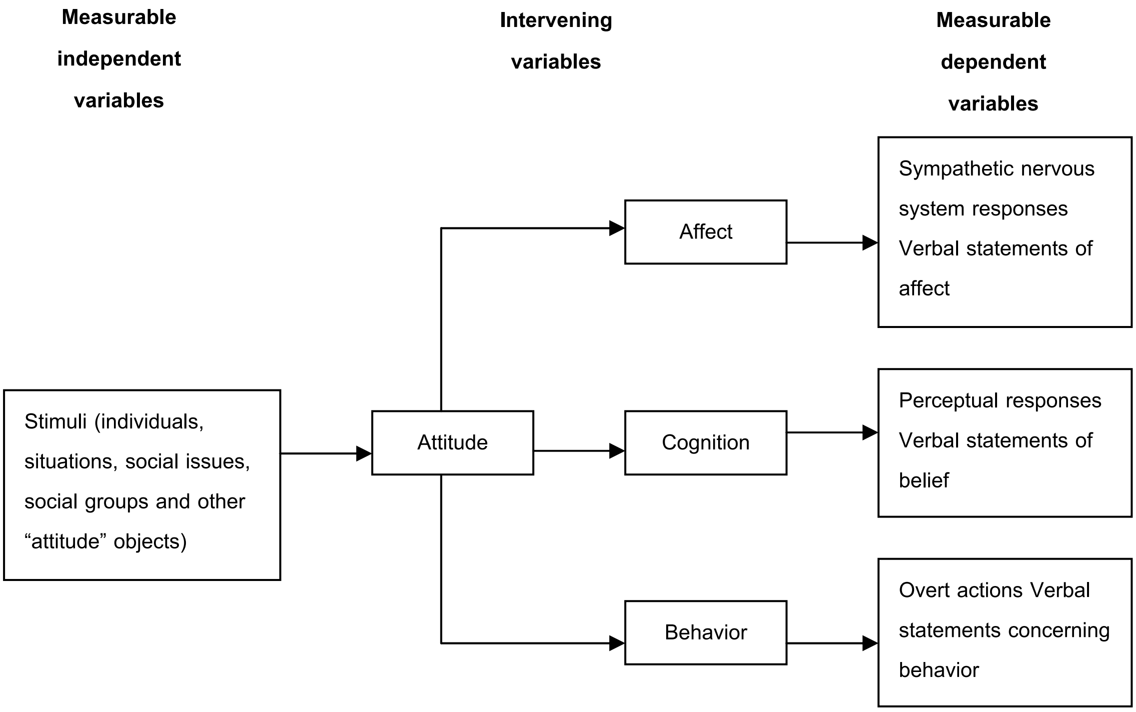

Figure 3 A Schematic Conception of Attitudes

Source: Philip G. Zimbardo; Ebbe B.E Bbesen; & Christina Maslach. (1977). *Influencing attitudes and Changing Behavior*: p. 21.

2.3 Definition of Risk

Robert I. Mehr (1980:24) defines "risk" as uncertainty concerning loss that could have a positive or negative effect on one or more objective. David Hillson and Ruth Murray-Webster (2005: 10) suggested that risk has two characteristics: it is related to uncertainty, and it has consequences. Risk involves society as well as individual cost. Therefore, both society and individuals are interested in the ways in which they may be handled.

2.4 Characteristics of Insurable Risk

Wikipedia (2006:Online) defines insurable risk as a risk that meets the criteria for efficient insurance concept. In *Risk Management & Insurance*, Trieschmann Gustavson (1998:122) explained that insurance involves risk transfer, sharing of total losses among group and risk reduction in order to reduce the financial burden of losses arising from exposures. Risks affect people by causing worry about potential loss and how to deal with the consequences. Life insurance reduces anxiety over a possible loss and absorbs the financial brunt of loss. The basic function of insurance is to handle risk.

Harriett E. Jones (2005: 27-30) described that four characteristics of insurable risk as follows:

1. **The loss must occur by chance**. The loss should be caused either by an unexpected event or by an event that is not intentionally caused by the person covered by the insurance.
2. **The loss must be definite**. An insurable loss must be definite in terms of time and amount. The loss can identify when a loss occurred and amount of benefits depend on the life insurance policy
3. **The loss must be significant.** Loss causes financial problem, so the significance of loss affects people.
4. **The loss rate must be predictable.** To provide a specific type of insurance coverage, an insurer can predict the probable rate of loss by using statistic of a large group of people who will die, become disabled, or need hospitalization during a given period of time.

2.5 Risk Management

In *Life Insurance Theory and Practice*, Robert I. Mehr (1997: 34) indicates that the risk management is the use of all alternative methods dealing with risk. Although most people are less able to apply these techniques in a risk situation, the knowledge of risk management concept can assist them in toward handling the personal risks that they face. In *Risk and Insurance*, Denenberg Herbert S. Dennenberg; et al. (1974: 66-70) describe the three steps in the risk management process as follows:

1. **Risk Discovery** is the first step that individual discovers the source from which loss may occur.
2. **Risk Evaluation** is the impact on individual when loss occurs. Once a risk is discovered, it should be evaluated to determine its cause and the degree of control that affects on an individual.
3. **Risk Selection** is a technique dealing with risk that people can use to eliminate or reduce their exposure. In *Principles of insurance*, Robert I. Mehr and Emerson Cammack (1980: 23-29) suggested four methods of handling with risk. First, risk avoidance is method focuses on the act of eliminating risk by avoiding the causes of risk. For example, people may choose stop smoking in order to avoid the risk of lungs cancer. Second, risk retention is the conscious act of keeping a risk rather than transferring it. The risk retention such as risk of loss from war or terrorist is the only practical method of handling the risk, since insurance usually can not be purchased for the risks. Next, risk reduction consists of all activities intended to prevent the occurrence of a loss. In addition,

it includes those steps taken to minimize a loss. For example, taking bird flu vaccine can reduce the chance of getting bird flu from infected animals. Finally, risk transfer consists of any measure by which the risk of one party is transferred to another. Insurance is the most important type of transfer device and usually is defined as the transferring of risk to an insurance company in return for the payment of an amount of money.

2.6 Definition of Risk Tolerance

Investor Dictionary (2006: Online) defines ”risk tolerance” as how much risk people are willing to take to achieve an investment goal. Risk tolerance can indicate the degree of people willing to stay their risk or pay in more for life insurance coverage. The important part of risk tolerance is an individual understands how much risk he/she is comfortably taking. Understanding risk tolerance should help people make wiser decisions as the selected option that he/she wants.

2.7 Risk Tolerance Evaluation

In Journal of *Financial Planning*, the study of David M. Cordell (2001: 36-40) entitled, ”RiskPACK: How to Evaluate Risk Tolerance” presented that RiskPACK is a framework for evaluating risk tolerance in four areas: propensity, attitude, capacity, and knowledge.

1) Risk **P**ropensity is an individual‘s real-life decision in financial situation.

2) Risk **A**ttitude is the degree to which individual is willing to incur financial risk.

3) Risk **C**apacity is an individual’s financial ability to incur risk.

4) Risk **K**nowledge is an individual’s understanding of risk.

2.8 Related Research

There are several studies exploring attitudes toward risk influencing people’s decision making toward holding life insurance. The Attribution Theory by Fritz Hrider (2006:Online) is a method that can be used to evaluate how people perceive the behavior of themselves. Heider said that all behavior is considered to be determined by internal and external factor. First, individual factors are personal background (such as education and experience), physical characteristics (such as sex, age and marriage status) and socioeconomic status (such as income, and occupation). Second, external factors are outside factors which are out of one’s control such as agents, services and insurance company’s reputation. The following is some empirical studies on attitudes toward holding life insurance.

In Penjamas Sirikijwattana’s study (2000) entitled “*The factors influencing decision to life insurance application among clients in Bangkok Metropolitan area*”, the findings indicated that the population characteristic: sex, age, education and a marriage status and the socioeconomic status: income, occupation and position are significant in decision making to buy life insurance. Moreover, media exposure correlated with decision making to hold life insurance. However, attitude towards life insurance is the most important influence to determine decision making to life insurance application.

O-larn Skoldaechar (2003) carried out a study entitled, “*The attitude of Bangkok-ordinary life insurance policy holder towards Bancassurance*”. The results showed the majority of ordinary life insurance policyholders in Bangkok were between 25 and 31 years of age with bachelor’s degree and earned 15,101-35,000 baht monthly. Policy holders were exposed to the information of life insurance at a medium level. Past price experience of policy holder made the policyholders pay more attention to insurance premium than the importance of insurance and other aspects. The past experience in terms of distribution channel was related to policyholders’ satisfaction and confidence toward agents at a moderate level.

According to *the study of Thais’ behavior towards life insurance in Bangkok*, Atthima Ratanavijitr (2003) found that 75 percent of people who were single, aged 20-25 years, with at least a bachelor’s degree and monthly income of 10,001-20000 baht want to have life insurance policy. In addition, female’s need in life insurance was higher than male’s.

Somchai Lertanatrakool (1997: ง-จ) conducted a study entitled “*The study of the opinions of consumer toward life insurance in Amphoe Muang, Changwat Chiangmai*”. The findings indicated that children and spouses influence people on buying life insurance. The opinions toward buying life insurance were the security for themselves and their families, the protection, and medical expenses. The opinions in selecting the life insurance company were the company’s reputation and financial stability. The reasons for the policy cancellation were the policyholder’s financial problem with high expenditure and worse quality services from the insurance company. Furthermore, the main consumer’s opinion toward holding life insurance was the stability of the company and the convenience in contacting the company. Good and sincere services and politeness of the insurance agents were the main factor toward the insurance agents. In addition, the study found that the agents were unable to explain the principles of the life insurance policies to the customers and there were no follow-up services. The policyholders encountered three main problems: the difficulty and the delay of the claim, the high premium, and no after sale services.

The previous research studied either only individual or only external factor reflecting clients' attitudes toward holding life insurance. In this study, the researcher examined Thais attitudes and the influences toward their decision on holding life insurance focusing on both individual and external factors. The findings benefited insurance companies on forecasting the future growth of life insurance sector and was a guideline for Thai government to develop a plan for mobilizing insurance industry.

CHAPTER 3

METHODOLOGY

This chapter presents the research methodology. It contains three sections: subjects of the study, instrument of the study, and research procedures. The details are as follows:

1. Subjects of the study

The target subjects for this research were randomly selected and were characterized as follows:

1. The sample of this study was one hundred Thai people in Bangkok working in four areas: Silom, Sathorn, Pratunum and Yowarat. Silom and Sathorn areas represent Bangkok central business section surrounded by embassies, head offices of financial institutions, banks, law firms, and both local and multinational corporations. Pratunum and Yowarat areas are sources of retail and wholesale, and different business sizes selling a varity of products such as array of gold, jewelry, hardware, machine equipment, food, and fabric.
2. This study studied on people who are between 20-60 years old because they can cover the purpose of holding life insurance policy for savings, educational plan for their children, and retirement.
3. Fifty people holding at least one life insurance policy and fifty people who do not hold any life insurance policies were randomly selected as the research samples.

4. Twenty-five of either office workers or self employed people randomly selected from each of four selected areas: Silom, Sathorn, Pratunum and Yaowarat. Each target group in each area covered people who have health benefit and self-employed people who have flexible incomes.

2. Instrument of the study

The questionnaire was designed to answer the research questions. The early drafts of the questionnaire were revised after a few trials to make the effective final draft that best served the research objectives. The questionnaire was divided into three parts. The first part concerned the personal backgrounds of the respondents. The second part was designed to investigate the respondents' attitudes toward holding life insurance. The third part explored their knowledge and experience that reflected their attitudes toward holding life insurance.

3. Research Procedures

The researcher randomly distributed the questionnaires to the target group by visiting four areas: Silom, Sathorn, Pratunum and Yaowarat in January 2007.

1.1 Data Collection

The researcher distributed the questionnaires to the participants by visiting the four areas: Silom, Sathorn, Pratunum and Yowarat during January 2007. Afterward, the questionnaires were analyzed.

1.2 Data Analysis

After receiving all completed questionnaires, the researcher categorized the data into 5 parts: 1) characteristics of the subjects 2) attitude toward cornerstones of life insurance 3) financial planning 4) attitude toward financial risk, and 5) Internal and external factors affecting the purchasing decision. The results were presented in percentage in the form of tables, bar chart, data discussion and conclusion.

CHAPTER 4

FINDINGS

This chapter describes the data obtained from the questionnaires. The results of the study were sorted by the frequency and percentage in the form of tables and graphs. The findings were divided into 5 parts:

1. Characteristics of the subjects
2. Attitude toward cornerstones of life insurance
3. Financial planning
4. Attitude toward financial risk
5. Internal and external factors affecting the purchasing decision

1. Characteristics of the subjects

In this part, the personal data of the respondents were presented and described by the frequency and percentage as shown in Table 3.

Table 3 Characteristics of the Subjects

Item	Frequency	Percent
1. Sex		
Female	59	59%
Male	41	41%
Total	**100**	**100%**
2. Age		
20-30 years old	33	33%
31-40 years old	45	45 %
41-50 years old	15	15 %
51-60 years old	7	7 %
Total	**100**	**100%**
3. Number of children with no income		
None	67	67%
One	13	13%
Two	14	14%
Three	5	5%
Four or more	1	1%
Total	**100**	**100%**
4. Number of life insurance policy		
None	50	50%
1	28	28%
2	11	11%
3	7	7%
4	4	4%
Total	**100**	**100%**

One hundred people were randomly selected to fill out the questionnaires. The result indicated that 59% of the respondents was female and 41% was male. The respondents were of different ages categorized as 20-30 at 33 %, 31-40 at 45%, 41-50 at 15%, and 51-60 at 7%.

There was 67% of the respondents with no children, 13% with one child, 14 % with two children, 5% with three children and only 1 % with four or more children. According to life insurance policy, 50%of the respondents did not have life insurance policy while 28% had one life insurance policy, 11% had two life insurance polices, 7% had three life insurance policies and 4% had more than three life insurance policies.

2. Attitude toward cornerstone of life insurance

In this part, the attitude toward cornerstone of life insurance was discussed. The results of this study were presented in the form of table and described by using percentage.

Table 4 Attitude toward Cornerstone of Life Insurance

Cornerstone of Life Insurance	Strongly Agree (%)	Agree (%)	Disagree (%)	Strongly Disagree (%)
1. Protect family's financial future.	0	8	72	20
2. Reduce financial risk.	0	3	66	31
3. Cover the medical expenses	0	4	65	31
4. Provides cash from policy loan or policy cancellation in case of an urgent financial need.	2	23	60	15
5. Support as children's education fund.	2	23	61	14
6. Support during retirement.	0	7	63	30
7. Help decrease financial burden of loss of income in case of disability.	0	6	57	37
8. Be a gradual saving with low risk.	2	20	56	22

As shown in Table 4, 72% of the respondents disagreed with the statement stating "life insurance is a way to protect family's financial future". In addition, 20% of the respondents strongly disagreed with this statement. However, only 8% of the respondents agreed with the statement. Similarly, 66% of the respondents did not believe that life insurance can reduce financial risk. In addition, 31% of the respondents strongly disagreed while 3% of them agreed with this idea.

The results also indicated that 65%, 31% and 4% of the respondents disagreed, strongly disagreed and agreed, respectively, that life insurance can cover the medical expenses. According to the statement, “life insurance provides cash from policy loan or policy cancellation in case of an urgent financial need”, most respondents (60%) disagreed followed by agreeing (23%) and strongly disagreeing (15%) whereas only 2% of those strongly agreed with this statement

The respondents were asked whether they thought that life insurance could support as children’s education expense. More than half of the respondents (61%) disagreed and 14 % of them strongly disagreed with the statement. However, 23% and 2% of the respondents agreed and strongly agreed with the statement, respectively.

A high portion of the respondents (63%) stated that they disagreed that life insurance can support them during retirement, whereas 30% and 7% of them strongly disagreed and agreed with the statement, respectively. Significantly, nobody strongly agreed with the statement.

The respondents were asked if life insurance can reduce financial burden of loss of income in case of disability. 57 % of them disagreed, followed by strongly disagreeing (37%) and agreeing (6%). In contrast, no one strongly agreed with the statement. Furthermore, the findings revealed that 56% of the respondents disagreed that life insurance is a gradual saving with low risk and 22% of them strongly disagreed. 20% of the respondents agreed while only 2% of them strongly agreed.

To sum up, according to the statements in the questionnaire, they reflected both positive and negative opinions regarding the cornerstone of life insurance. An interesting finding was that all the percentage of disagreement was higher than those of the agreement to each statement.

3. Financial planning

This section presents the respondents' financial planning on the following aspects: saving and investing method, medical source of expenses on children' education, retirement, temporary disability and permanent disability.

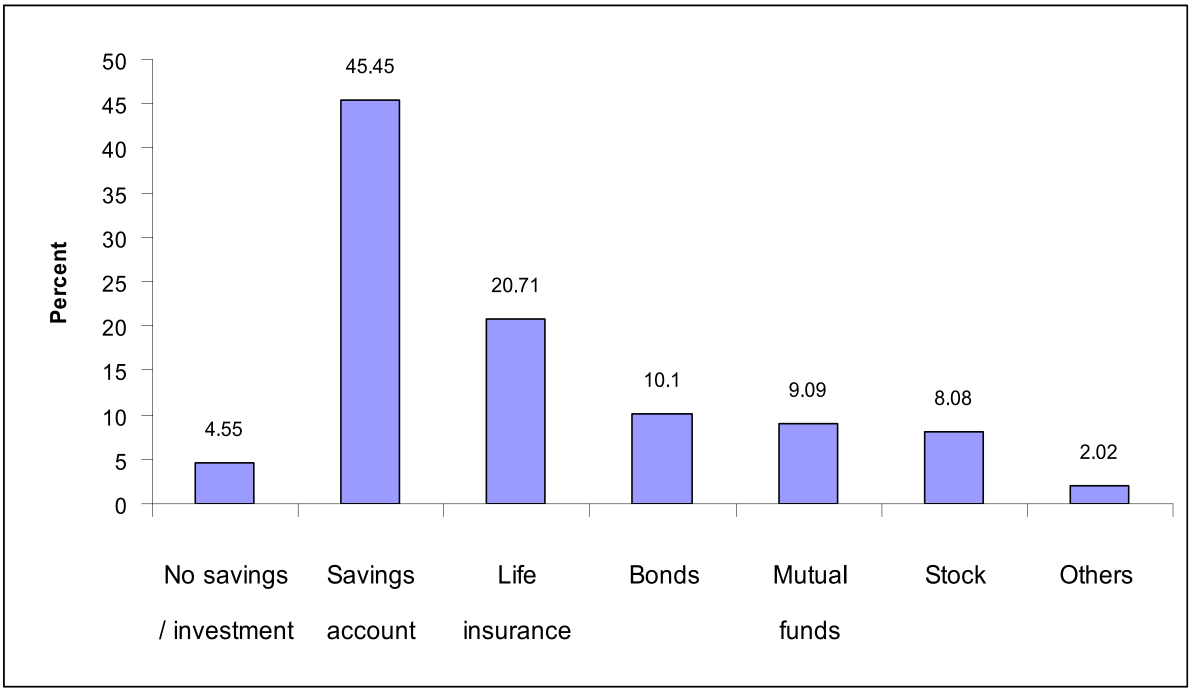

Figure 4 Differences in the respondents' methods of savings and investing

Figure 4 shows that 45.45% of the respondents was having a saving account as the method of saving and investing. However, the other methods were holding life insurance

(20.71%), investing bonds (10.10%), purchasing mutual funds (9.09%), investing stock (8.08%), having no saving/investment (4.55%) and others (2.02%).

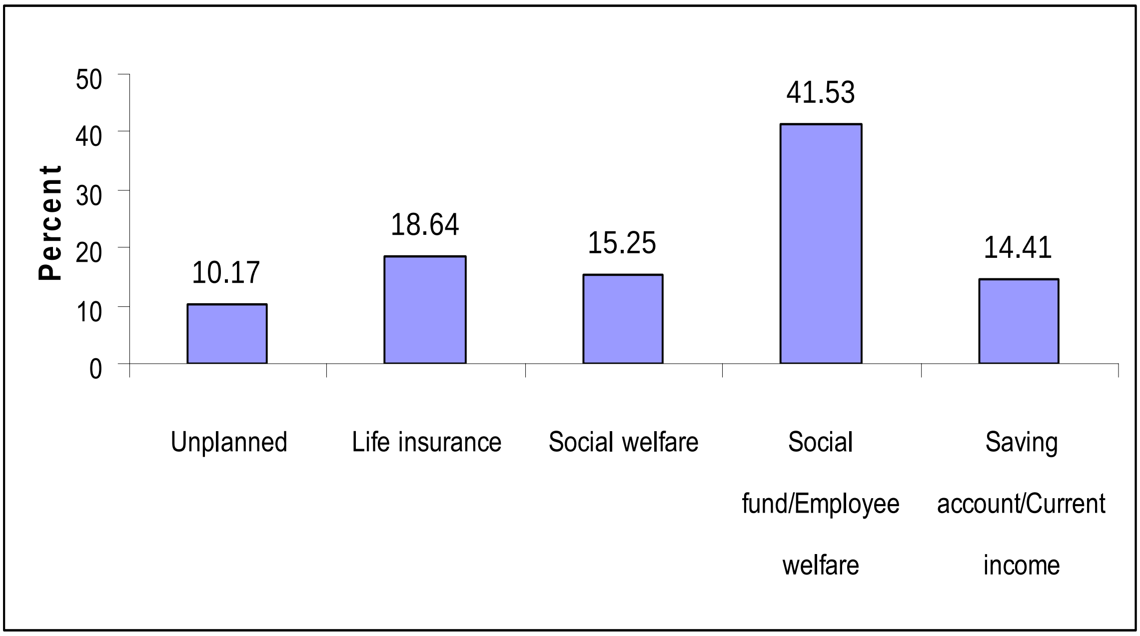

Figure 5 Differences in the respondents' plan for their medical expenses

According to the plan for medical expenses as shown in Figure 5, 41.53% of the respondents indicated that their medical expenses were covered by social fund/ employee welfare whereas 18.64%, 15.25 % and 14.41% of the respondents' medical expenses were covered by life insurance, social welfare and saving account/current income, respectively. Furthermore, 10.17 % of them had no plan for the medical expenses.

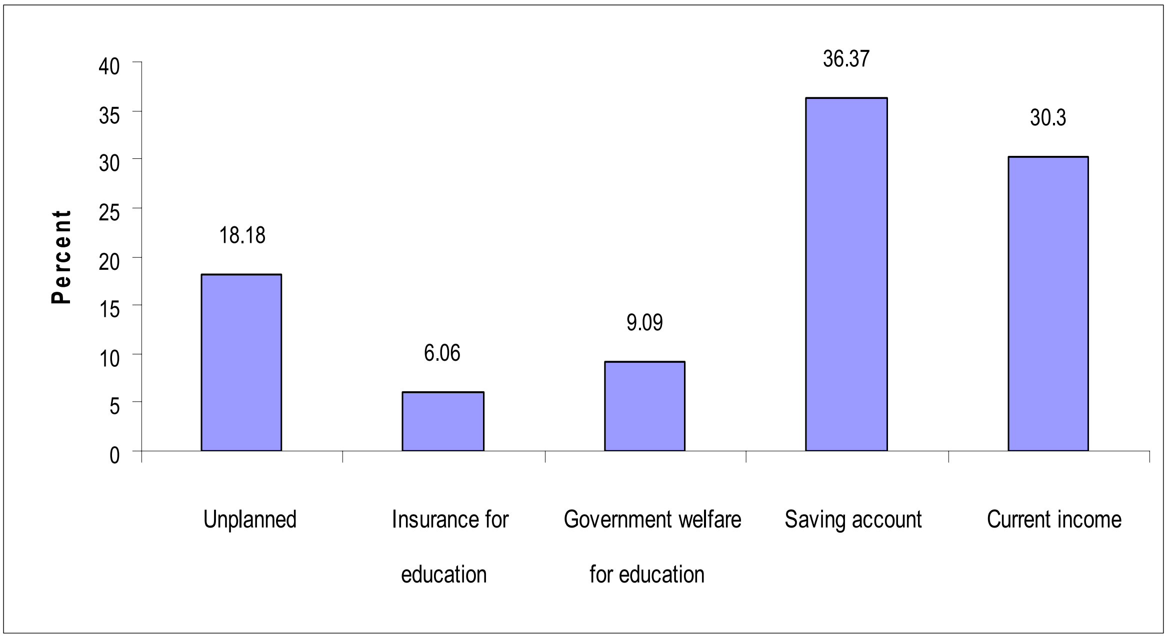

Figure 6 Differences in the respondents' plan for source of expenses on children' education

The plan for source of expenses on children' education was presented in Figure 6. 67% of the respondents had no children and 33 % of them had at least one child. These findings were focused on only 33% (33) of the respondents who had at least one child. Approximately, one-third of the respondents with dependents (36.37%, 12) stated that their source for expenses on their children's education was saving account, followed by current income (30.3%, 10) unplanned (18.18%, 6), government welfare for education (9.09%, 3), and insurance for education (6.06%, 2).

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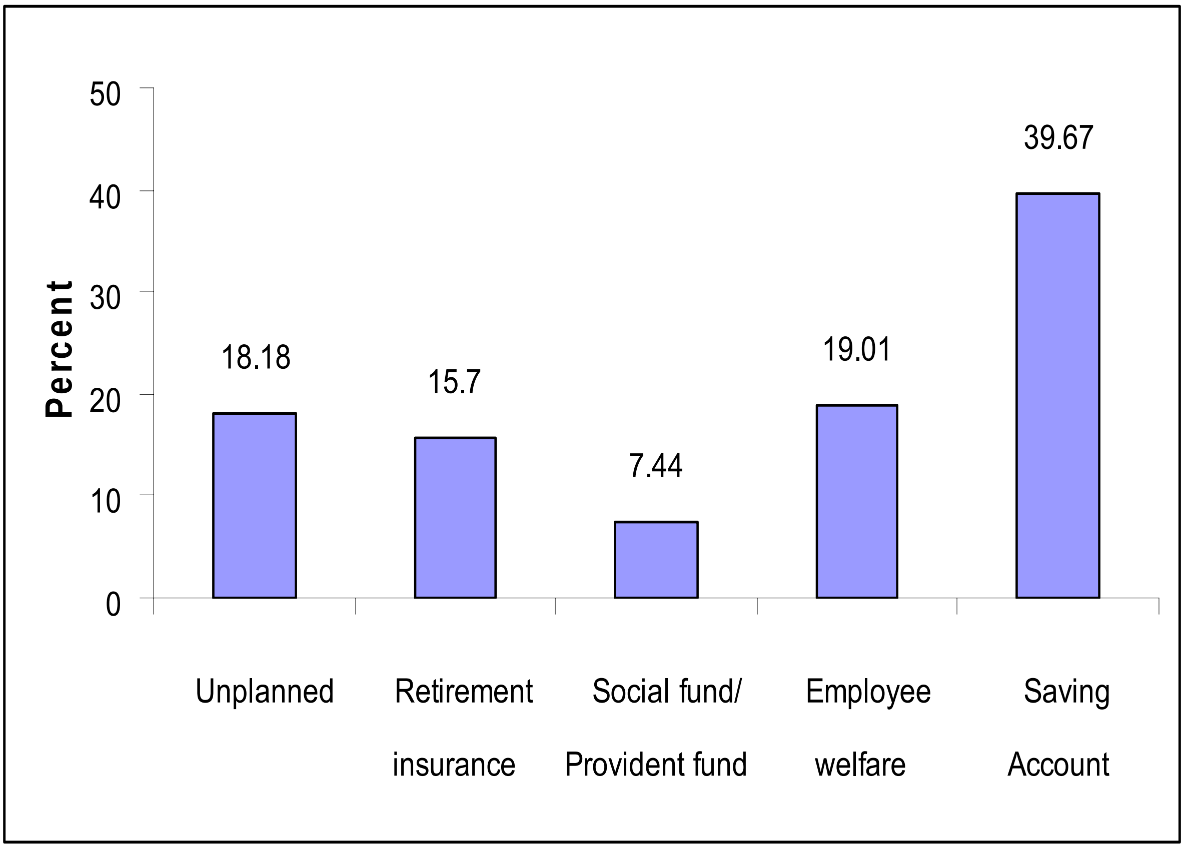

Figure 7 Differences in the respondents' plan for their retirement

The plan for retirement was also investigated, as shown in Figure 7. 39.67% of the respondents chose saving account for their retirement plan, while 19.01 % of them chose employee welfare, 7.44% chose social fund/ provident fund, and 15.7% chose retirement insurance. Interestingly, 18.18 % had no plan for their retirement.

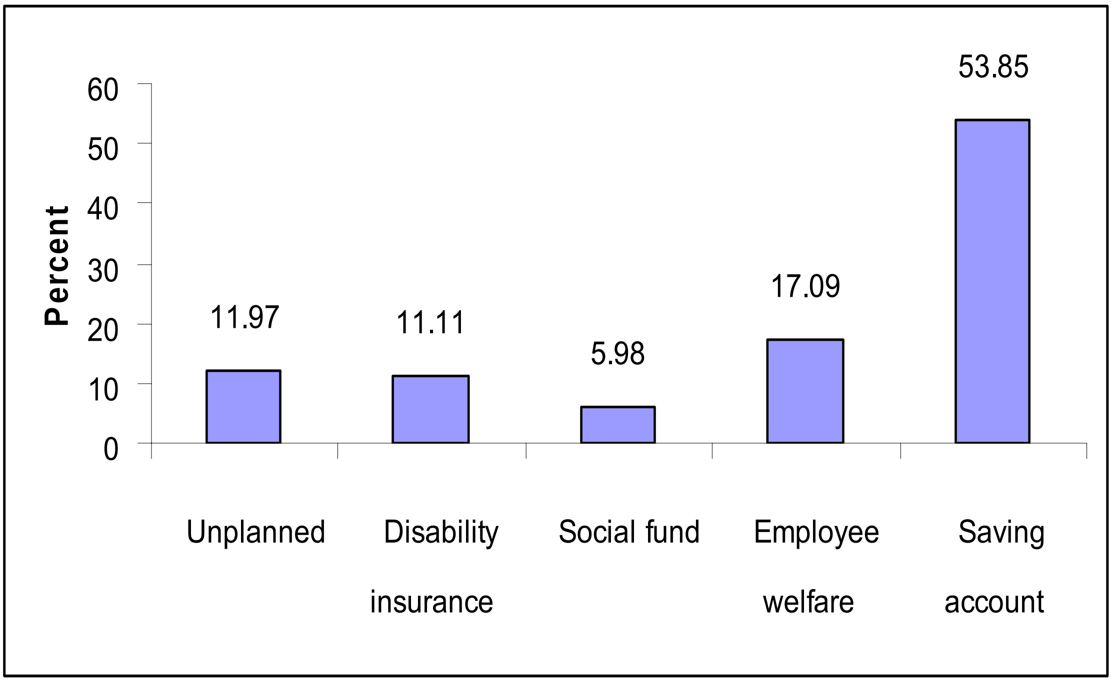

Figure 8 Differences in the respondents' plan for their temporary disability

According to Figure 8, a number of the respondents (53.85%) stated that they had a plan for their temporary disability by using saving account. However, 17.09%, 11.11%, 5.98% stated that they had the plan by using employee welfare, disability insurance and social fund, respectively, whereas 11.97 % of them did not have any plans for temporary disability.

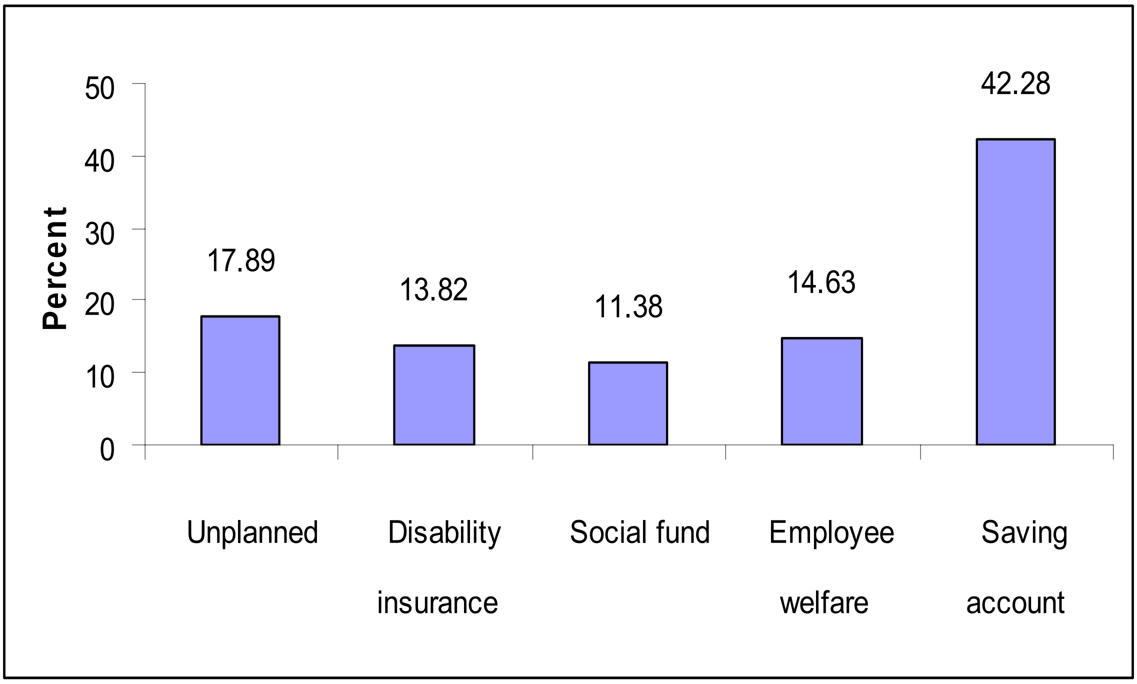

Figure 9 Differences in the respondents' plan for their permanent disability

Figure 9 presents respondents' plan for their permanent disability. The results indicated the respondents' plan for their permanent disability was varied: 42.28% for saving account, 17.89 % for having no plan, 14.63% for employee welfare, 13.82 % for disability and 11.38% for social fund.

In conclusion, when considering among the alternative types of life insurance concerning saving and investing, medical expenses, expenses on children's education, plan for retirement, plan for temporary disability, and plan for permanent disability (see Figure 4 to 9), life insurance for saving and investing was the highest percentage chosen by the respondents (20.71%) followed by having a plan for their medical expenses (18.64%) and having a plan for their retirement (15.7%). This may be assumed that Thais were interested in saving and investing insurance, medical insurance, and retirement insurance, respectively.

4. Attitude toward Financial Risk

This part presents respondents' attitudes toward financial risk concerning how the respondents view risk. According to RiskPACK, David M. Cordell presents four aspects for evaluating risk tolerance: propensity, attitude, capacity, and knowledge. This study explored the four aspects of RiskPACK and the respondents identified their "attitude" toward the financial risk they were willing to take.

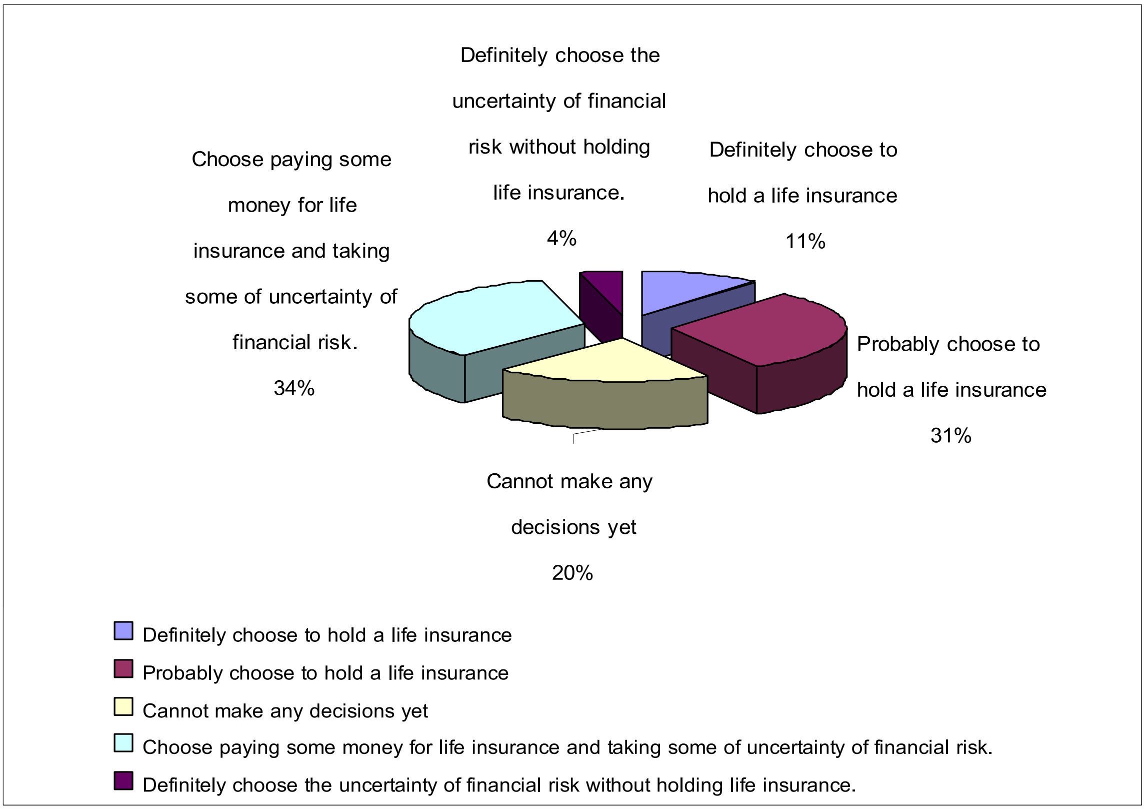

Figure 10 Differences in the respondents' attitudes toward risk propensity

Since the risk propensity emphasizes on an individual's financial decision of holding life insurance, the respondents were asked what was their risk propensity toward the following statement, "Life insurance is a financial planning that servers an individual or family as savings for financial security, and for medical expenses and helps reduce the uncertainty of financial risk". As shown in Figure 10, 34% of the respondents chose "paying some money for life insurance and taking some of uncertainty of financial risk" while 31% chose "probably holding a life insurance". However, 20% could not make any decisions yet. 11% chose "definitely holding life insurance", and only a small percentage of the respondents (4%) chose "the uncertainty of financial risk without holding life insurance".

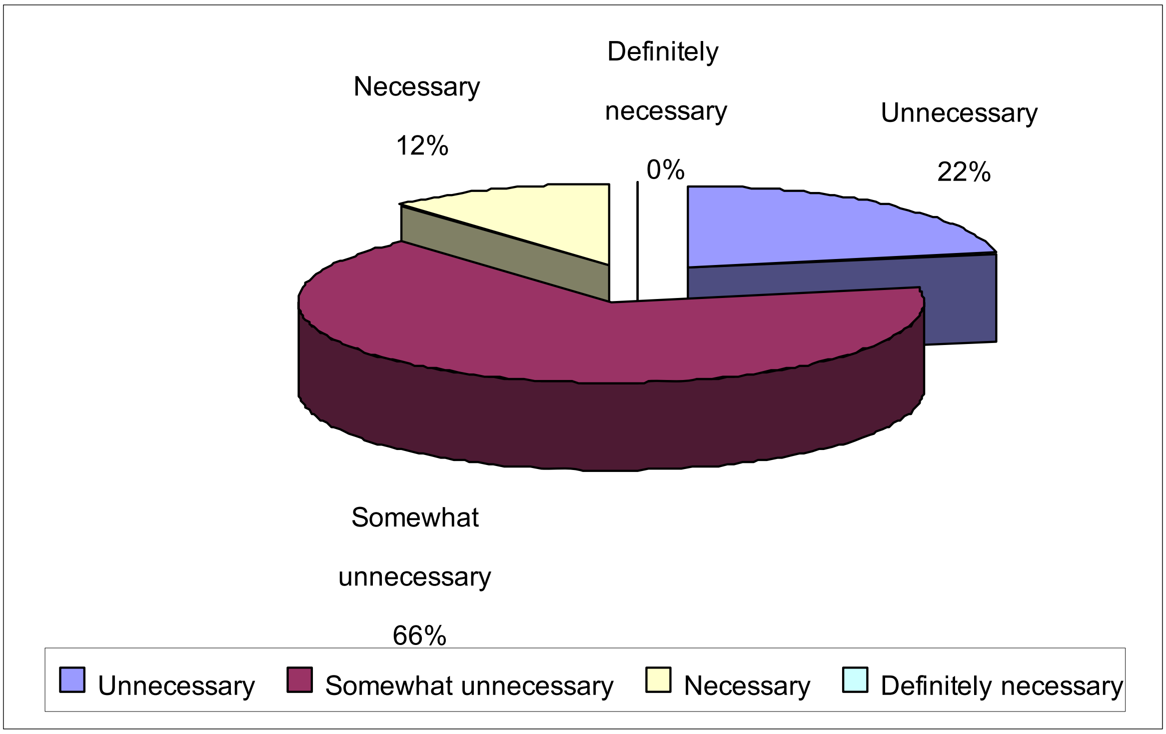

Figure 11 Differences in the respondents' attitudes toward risk attitude

In terms of risk attitude, the respondents were asked their risk attitude toward the necessary levels of holding life insurance as presented in Figure 11. From the figure, 66% of the respondents indicated that life insurance was somewhat unnecessary for saving and decreasing financial burden. 22 % of them indicated that life insurance was unnecessary for them to save and decrease financial burden while 12% of them stated that life insurance was necessary for saving and decreasing financial burden.

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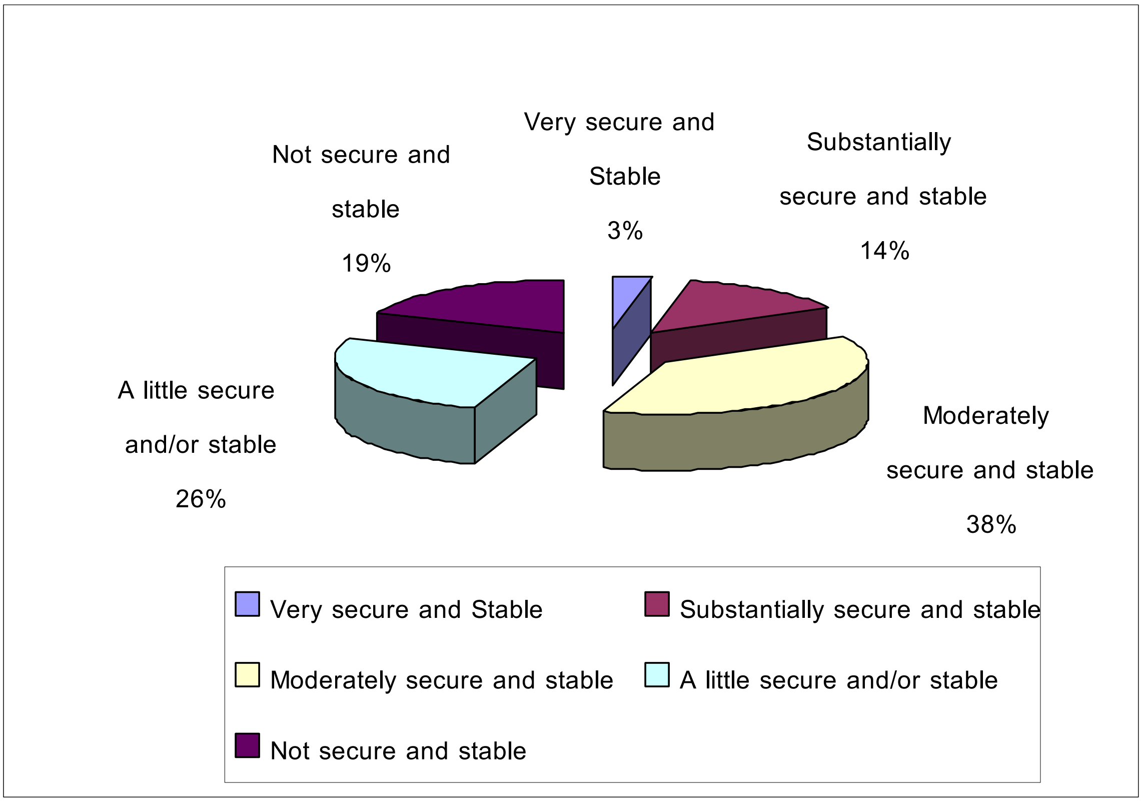


Figure 12 Differences in the respondents' attitudes toward risk capacity

Risk capacity, individual's financial ability to incur risk, is measured by responses to a question about their current financial situation including ability to pay their living expenses and those of their dependents' and plan for financial emergencies. As seen in Figure 12, the 38% said that they were moderately secure and stable. 26% of them said that they were a little secure and/or stable while 19% was not secure and/or stable. In addition, 17% said that they were very secure and stable/ substantially secure and/or stable.

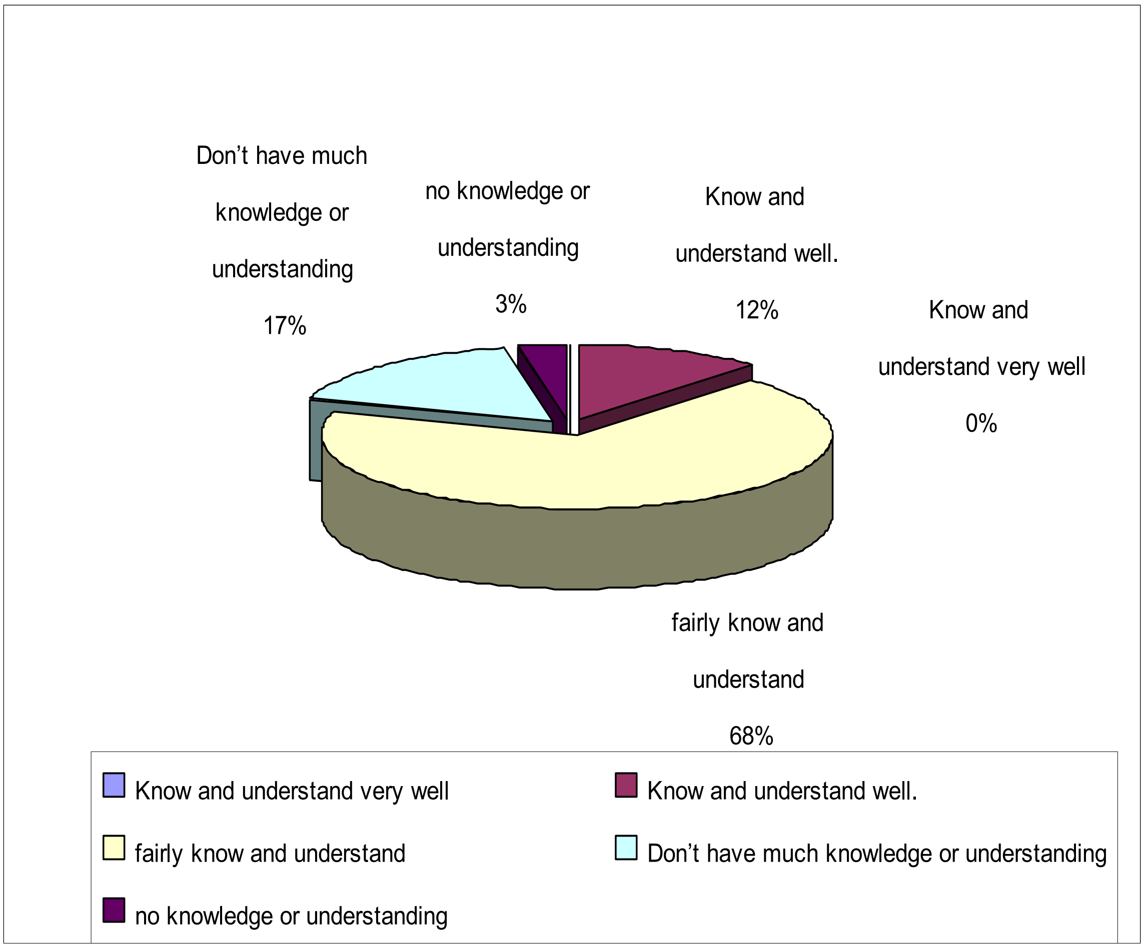


Figure 13 Differences in the respondents' attitudes toward risk knowledge

According to risk knowledge, the respondents indicated their knowledge and the understanding about life insurance as shown in Figure 13. More than half of the respondents (68%) fairly knew and understood about life insurance, but 17% of them did not have much knowledge or the understanding of life insurance. However, only 12% knew and understood about life insurance well while no one knew and understood about life insurance very well.

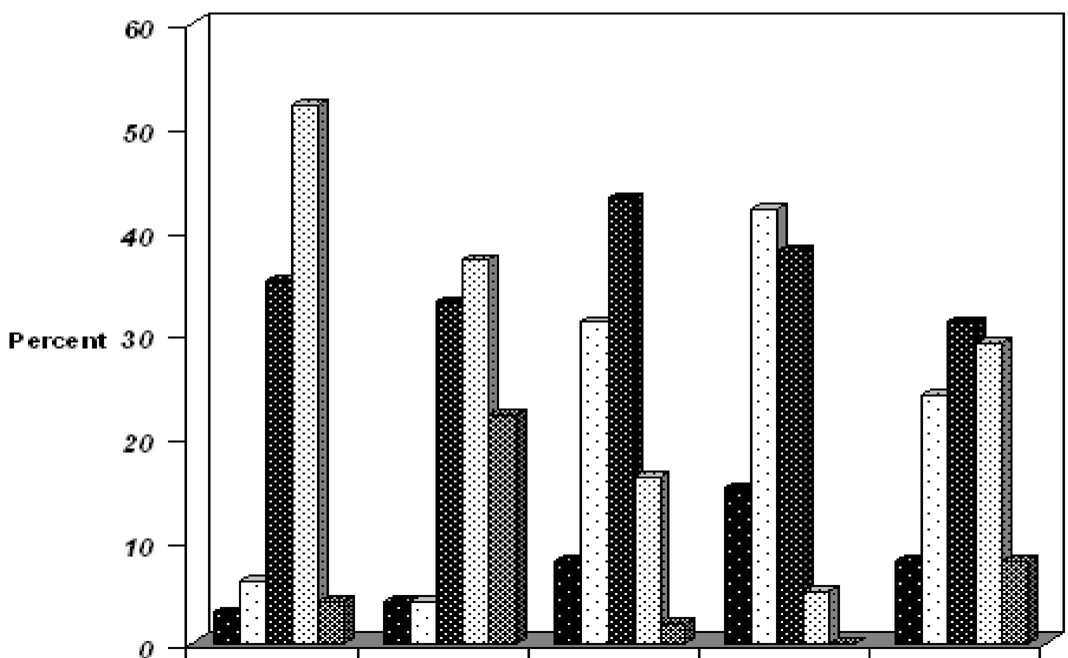
In conclusion, the findings revealed that 34% of the respondents chose paying some money for life insurance and taking some of uncertainty of financial risk while over half of the respondents indicated that life insurance was somewhat unnecessary for saving and relieving financial burden. In addition, most respondents felt moderately secure and/or stable about their current financial situation. More than half of the respondents claimed that they had fair knowledge and understanding.

5. Internal and external factors affecting the purchasing decision

This part describes the level of the important factors that affect the purchasing decision. The respondents were asked to rank the importance of the internal and external factors that they considered important. The important levels are put into “very important”, “important”, “somewhat important”, “a little important”, and “very little important”.

5.1 Internal factors

The respondents were asked to rate the following factors: income, family, relative and friends influences, word-of-mouth, and personal's experience. The results of the study were presented both in the form of table and graph as shown in Figure 14.



	Income (%)	Family (%)	Relatives or friends influences (%)	Word-of-mouth (%)	Personal's experience (%)
very	3	4	8	15	8
important	6	4	31	42	24
somewhat	35	33	43	38	31
a little	52	37	16	5	29
very little	4	22	2	0	8

The factors affecting the purchasing decision

very important somewhat a little very little

Figure 14 The internal factors affecting the purchasing decision

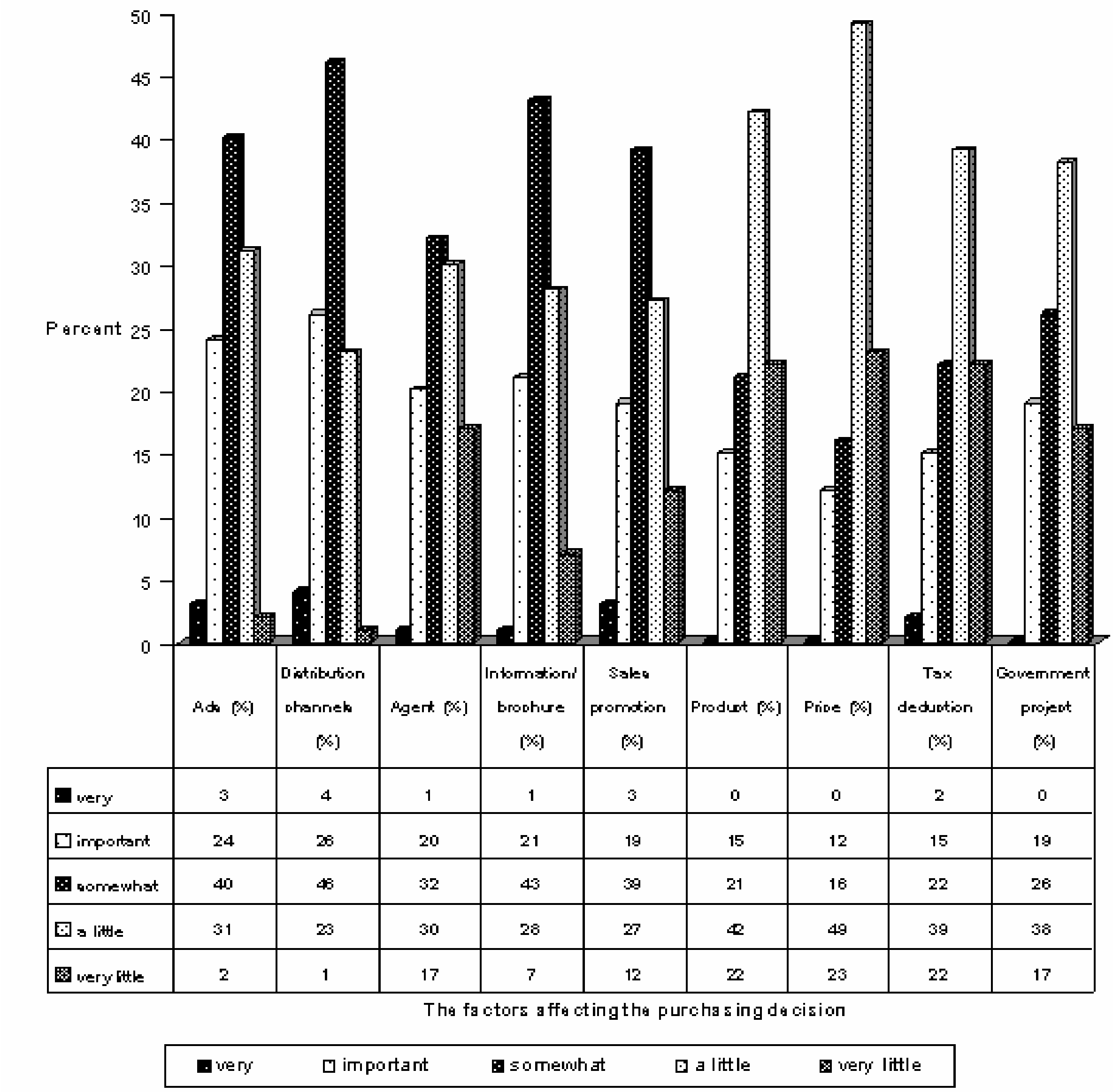
In this study, 52% of the respondents said that income was a little important for the purchasing decision, followed by “somewhat important” for 35%, “important” for 6%, “very little important” for 4%, and “very important” for 3%. Regarding to family factor, 37%, 33% and 22% of the respondents realized that it was “a little important”, “somewhat important” and ”very little important”, respectively, whereas, the percentage of the respondents who claimed that it was “very important” and “important” were both equivalent to 4 %. When considering relatives or friends, almost half of the respondents (43%) agreed that it was “somewhat important”, 31 % agreed that it was “important”, 16 % agreed that it was “a little important”, 8% agreed that it was “very important” and only 2% agreed that it was “very little important”.

According to word-of-mount, 42% of the respondents stated that it was “important” and a little over one-third (38%) stated that it was “somewhat important” while 15% stated that it was “very important”. Interestingly, only 5% stated that word-of-mount was “a little important”. In terms of personal’s experience, 31% of the respondents agreed that it was “somewhat important”, 29% of the respondents agreed that it was “a little important” and 8% of the respondents agreed that it was “very little important” whereas 24% of them agreed that it was “important”, and 8% claimed that it was “very important”.

To sum up, regarding internal factor affecting the purchasing decision, 15% of the respondents realized that word-of-mount was “very important”, followed by relatives or friends (8%) and personal’s experience (8%). The factors, which were important for purchasing life insurance, were also word-of-mount (42%), relatives or friends (31%), and personal’s experience (24%), respectively.

5.2 External factors

The study revealed that there were several external factors affecting their purchasing decision. The summary of the responses to the survey concerning external factors: ads, distribution channels, agent, information/ brochure, sales promotion, product, price, tax deduction and government project is provided in Figure 15.



	Ads (%)	Distribution channels (%)	Agent (%)	Information/ brochure (%)	Sales promotion (%)	Product (%)	Price (%)	Tax deduction (%)	Government project (%)
very	3	4	1	1	3	0	0	2	0
important	24	26	20	21	19	15	12	15	19
somewhat	40	46	32	43	39	21	16	22	26
a little	31	23	30	28	27	42	49	39	38
very little	2	1	17	7	12	22	23	22	17

Figure 15 The external factors affecting the purchasing decision

According to external factors, 40% of the respondents thought that advertisement was “somewhat important”, 31 % indicated that it was “a little important”, 24% said that it was “important”, 3% believed that it was “very important”, and 2% claimed that it was “very little important”. In terms of the distribution channels, almost half of the respondents (46%) indicated that this factor was “somewhat” important, followed by “important” for 26%, “a little important” for 23%, “very important” for 4 % and “very little” for 1%. When considering the agent/ insurance representative, 32 % claimed that it was “somewhat important”, 30 % indicated it was “a little important”, 20 % realized was “important”, 17 % pointed out it was “very little important”, and only 1% claimed that it was “very important”.

Regarding to information/brochure, almost half of the respondents (43%) indicated that it was “somewhat important”. In addition, the other levels were “a little important” (28%), “important” (21%), “very little important” (7%) and “very important” (1%). In terms of sales promotion/sales campaign, 39 % of the respondents indicated that sales promotion/sales campaign was “somewhat” important whereas 27 % of them indicated it was “a little important” and 12% of them pointed out it was “very important”. In contrast, 19 % of them claimed it was “important”, and 3% of them said it was “very important”.

According to life insurance product, almost half of the respondents (42%) indicated product was “a little important”, 22% thought it was “very little important”, 21 % claimed it was “somewhat important”, and 15% believed it was “important”. In terms of price, the majority of the respondents (49%) thought that it was “a little important”, followed by “very little important” for 23%, “somewhat important” for 16% and “important” for 12%. Regarding tax deduction, 15 % of the respondents claimed tax deduction was “important” while only 2% of them pointed out it was “very important”, and 39% claimed it was “a little important”.

In addition, the percentage of the respondents who pointed out tax deduction was "somewhat important" and "very little important" were both equivalent to 22%.

Regarding the government projects for promoting life insurance, the results of the study showed that 38% of the respondents realized the government projects were "a little important", and 17% indicated that they were "very little important" whereas some thought that they were "important" (19%) and "somewhat important" (26%).

In conclusion, according to the external factors, this study indicated that distribution channels were an important factor for life insurance purchasing. On the other hand, price, product and tax deduction did not play an important role for the decision in purchasing life insurance.

CHAPTER 5

CONCLUSION AND DISSCUSION

This chapter begins with a whole summary of the study, and then presents a discussion of the findings as well as recommendation for further studies.

Summary of the study

This study was conducted with one hundred Thai people working in four areas of Bangkok: Silom, Sathorn, Pratunum and Yaowarat. The aim of the research was to examine Thais' attitudes toward life insurance and to find out what factors influencing Thais' attitudes toward holding life insurance.

The data from the one hundred questionnaires were analyzed to answer two research questions:

- What are Thais' attitudes toward life insurance?
- What factors affect Thais' attitudes toward considering holding life insurance?

The findings of the research questions are presented and discussed in the following sections:

Discussion of the major findings

The following are the discussions of the major findings addressing the research questions posed in the study.

Research question 1: What are Thais' attitudes toward life insurance?

To find out what Thais' attitudes toward holding life insurance, this study focused on attitude toward the eight-cornerstone of life insurance: protecting family's financial future, reducing financial risk, providing cash from policy loan or policy cancellation in case of an urgent financial need, supporting as children's education fund, supporting during retirement, helping decrease financial burden of loss of income in case of disability, and being a gradual saving with low risk. The statements in the questionnaire reflected both positive and negative opinions regarding the cornerstone of life insurance. An interesting finding was that the percentage of all disagreements to the statements was higher than the percentage of the agreement ones. According to the results, this can be inferred that most Thais had a negative attitude toward life insurance.

According to individual's attitudes, Philip G.Zimbardo;Ebbe B.E Bbesen; & Christina Maslach (1977) pointed out that individual's attitudes toward an object is stimulated by person's evaluation of emotional response, cognition and behavior, and knowledge and experiences to an object or a person. Trieschmann Gustavson (1998:122) explained that insurance involves risk transfer, sharing of total losses among group and risk reduction in order to reduce the financial burden of losses arising from exposures. People have a wide range of personal demands, different of risk factors and various degrees of risk awareness.

Therefore, the important factor associated with the positive or negative attitude toward life insurance is the degree of an individual's perception toward financial risk indicated by person's evaluation and knowledge to life insurance. Regarding the results, this can also be explained that Thais' attitudes toward life insurance is as follows:

1. **Person's evaluation of emotional response** is an important factor for selecting the relative importance of different options. According to the results, Thais may not notice the advantages of holding life insurance or Thais may have other alternatives to respond to the eight cornerstones of life insurance.
2. **Knowledge and understanding about life insurance** refer to Thais' knowing and understanding about the benefits of life insurance. This study revealed that one factor causing negative attitude toward holding life insurance is the lack of having comprehensive knowledge or accurate understanding about life insurance.

Research question 2: What factors affect Thais' attitudes toward considering holding life insurance?

According to the second question, this study focused on four aspects: financial planning, attitude toward financial risk, internal factor, and external factor. The discussion of the findings is as follows:

1. Financial Planning

This study revealed that Thais chose life insurance as savings and investing method, a plan for medical expense, a plan for education fee's children sources, a plan for retirement, a plan for temporary disability saving and a plan for permanent disability. Among the alternative types of life insurance, the 45.45 % of the respondents chose life insurance for their savings and investing (see Figure 4), 18.64 % of respondents chose life insurance for their medical expense plan (see Figure 5), and 15.7% chose life insurance for their retirement (see Figure 7). Harriett E. Jones (2005: 53) described that in risk management decision making and financial planning, the choice among alternatives is based on understanding each of the various types, including the conditions under which each should be considered, individual's advantages, and limitations.

In terms of savings and investing method, the findings indicated that life Insurance is suitable as saving and investing instruments because saving and investing insurance is long-term and low-risk investments. This result is supported by Bank of Thailand's survey entitle *"Behavior, need, knowledge and understanding, and attitude of investor toward* *investment"* (2002: Online). The results of the survey presented that the purpose of savings and/or investing of Thais was emergency fund, retirement, and education, respectively. In addition, referring to an article in *the Wireless Road*, the Office of the Securities and Exchange Commission (2003, May- August) indicated that due to changes in structure of Thai society from an extended family to a nuclear family, the elderly cannot rely much on their children or grand children to take care of them because the children themselves also have to be responsible for their dependents. Accordingly, Thais tend to contribute their earning for saving and investing for future expenses in case of having no income. Thus, Thais become more interested in investing and saving, and life insurance can be an alternative supporting people as saving and investment.

Regarding medical expenses, the findings showed that 18.64 % of the respondents chose life insurance for covering their medical expenses (see Figure 5). To minimize financial risk from illness and injury, buying the medical expense insurance will be the security for Thais who wants to save money for future medical fees. The results were supported by Department of Insurance Annual Report 2006 stating that Thailand government policy was aimed to promote the universal coverage of health security and meanwhile try to encourage the private sector to be actively involve in the life insurance development (2007: 31). In accordance with the government policy on promoting universal coverage of health security, the government policy can take part in promoting medical expense insurance and increasing risk awareness to Thais.

In terms of retirement plan, the findings showed that 15.7% of the respondents chose retirement insurance to provide them with an income during retirement because the retirement insurance will help people to plan their retirement and prepare themselves to be the members of the potential senior society. The result can also be confirmed by Department of insurance Annual Report 2006. The annual report claimed that retirement insurance programs suit the situation of aging population and those of single families. Also, the Department of Insurance has realized the importance of retirement insurance, so the retirement insurance project is set as one of the significant projects in the year 2007 (2007: 84, 96). As a result, the insurance business sector is able to provide a high-quality life insurance product for retirement. Also, Thais will probably need to save more to finance their retirements in the future. Indeed, life insurance is an alternative for retirement plan.

2. Attitude toward financial risk

Regarding attitude toward financial risk, we can infer to ”RiskPACK: How to Evaluate Risk Tolerance” introduced by David M. Cordell. He explained that RiskPACK is a framework for evaluating risk tolerance in four areas: propensity, attitude, capacity, and knowledge. This study focused on four aspects: risk propensity, risk attitude, risk capacity, and risk knowledge.

In this study, the risk propensity emphasizes on an individual’s attitudes toward financial risk by reviewing the individual‘s decision in holding life insurance. The study showed that 34% of the respondents chose to pay some money for life insurance and take some of uncertainty of financial risk (see Figure 10). Based on the findings of this study, the results also indicated that Thais were willing to minimize the possibility of losing some of financial risk and be able to accept a moderate level of risk.

According to risk attitude, 66% of the respondents indicated that life insurance was somewhat unnecessary for saving and decreasing financial burden (See Figure 11). This can be concluded that Thais tended to take more financial risk than holding life insurance.

Regarding risk capacity, the results of the study indicated that 38% of the respondents mentioned that they were moderately secure and stable in their current financial situation such as ability to pay for their living expenses as well as those of their dependents', and ability to pay for financial emergencies (see Figure 12). It can be concluded that Thais were able to manage their financial burden at the moderate level.

In terms of risk knowledge, 68% of the respondents stated that they knew and understood about life insurance fairly well (see Figure 13). This can be assumed that most Thais have some knowledge and understanding concerning life insurance at the moderate level. However, having the comprehensive knowledge and good understanding about life insurance can make proper decision in using insurance as a risk management tool. According to significant projects of the department of insurance in the year 2007, the result can be confirmed by Department of Insurance annual report (2007, 97-98). The annual reported emphasized that the Department of Insurance is aware of the importance of the comprehensive knowledge about life insurance, so two significant projects have been set in the year 2007: providing public education on insurance benefit protection, and young insurance people in school.

3. Internal factors

The study revealed the internal factors in relation to the purchasing decision. In addition, the findings indicated that the influences affecting purchasing life insurance policy were word-of-mouth, relatives or friends, and personal's experience, respectively.

The findings revealed that the respondents considered word-of-mouth the most important internal factor followed by relatives and friends. This indicated that people were more likely to seek advice from others. Generally, people relay and share their experiences and recommendations with acquaintances through word-of-mouth. To reduce the risk of making wrong decision, people explored and exchanged information to ensure that they received the optimal benefit. Moreover, those people tended to rely on recommendations of persons closely related to them. Accordingly, the respondents in the study tended to rely on word-of mouth as well as relatives and friends.

Regarding personal's experience, the findings revealed that personal's experience plays a major role in forming an individual's attitudes affecting life insurance purchasing. This is relevant to a recent research conducted by O-larn Skoldaechar (2003). His study indicated that past price experience of policyholder made the policyholders pay more attention to insurance premium than the importance of insurance and other aspects. The past experience in terms of distribution channel was related to policyholders' satisfaction and confidence toward insurance agents at a moderate level. Therefore, past experience counts as one important factor affecting the consumers' purchasing decision.

4. External Factors

In terms of external factors, the findings revealed that significant factors on holding life insurance were distribution channels and advertisings, respectively.

The results showed that distribution channels are the most important external factor when purchasing life insurance by the respondents (see Figure 15). The result is ascertained by Insurance Sector Master Plan 2006-2010(2006, 1). The master plan indicated that developing and promoting insurance distribution channels are one of the strategic keys of the plan. Furthermore, the plan also emphasized the new distribution channels for sales of insurance policies such as convenient stores, an alternative distribution channel selling simple life insurance products, and bancassurance, a face-to-face sales process of simple and complicated life insurance products through bank branches. Increasing distribution channels can add different market segments through different target groups, so people can purchase life insurance products through the appropriate distribution channels. However, two factors that impact on a distribution channel are consumer attitudes and consumer preferences. In particular, life insurance is an intangible product evidenced by a legal contract, and most people consider insurance products to be more complex than other products. Therefore, clients generally require the assistance of distribution channels to provide general information on financial service product and provide administrative support. Accordingly, people choose only the distribution channels that they feel confident and trustful.

In terms of advertising, the findings revealed that message from advertising influenced insurance-purchasing decision and product choices. The findings were supported by an article, “Insurance Hits the Headlines to Emphasize Its Brand Awareness”, in *BusinessThai* (2004: 2) stating that a large amount emphasizing of budget has been set to advertising on life insurance brand awareness. Advertising become powerful in the insurance competitive market because it can influence not only the consumer purchasing decision, but also life insurance awareness. This indicated that people rely on advertising as a source of information related to product they are purchasing.

Suggestions of the study

Based on the findings, most Thais had negative attitudes toward life insurance. The following are suggestion concerning four factors affecting Thais’ attitudes toward holding life insurance.

When considering among the alternative types of life insurance, Thais had a plan for their methods of saving and investing, followed by having a plan for their medical expenses and having a plan for their retirement. This study suggested that insurance companies should provide development of innovative insurance products and channels adapted to consumers’ situation and needs for coverage especially saving insurance, medical expenses insurance, and retirement insurance.

According to RiskPACK, Thais were willing to minimize the possibility of losing some of financial risk, and they were able to accept a moderate level of risk. Also, they tended to take more financial risk than holding life insurance as well as were able to manage their financial burden at the moderate level. Furthermore, they had some knowledge and understanding concerning life insurance at the moderate level. This study indicated that Thai government should encourage Thais to gain accurate knowledge and understanding concerning life in order to be able to make proper decision in using insurance as a risk management tool.

Regarding internal factors affecting the life insurance purchasing decision, word-of-mount, relatives or friends, and personal's experiencewere consider important, respectively. Thus, Thai government should closely supervise life insurance companies to ensure stability of the system and promote better image of life insurance industry that will strengthen the life insurance sector in terms of trustfulness.

In terms of external factors, this study found that distribution channels and advertisements were important factors involving life insurance purchasing. It is advisable that insurance companies should provide some new distribution channels to effectively expand life insurance market and successfully evaluate the future growth of life insurance industry.

Limitations of the study

The limitations of the study are as follows:

1. The distribution of the questionnaire to the subjects of the study was limited to four selected areas in Bangkok: Silom, Sathorn , Pratunum and Yowarat. Therefore, it should be noted that the findings cannot be generalized to all Thai people in Bangkok.

2. This study aimed to study and examine attitudes toward holding life insurance only on people's responses to a closed questionnaire. Thus, it should be noted that an in-depth interview and/or focus group discussion may practically reveal people's attitudes in different aspects of risk factors, decision making factors, financial planning, internal factors, and external factors.

3. This study explored overall Thais' attitudes toward holding life insurance. The findings were analyzed regardless whether the respondents have life insurance or not. Therefore, the findings can be assumed as the responses to life insurance in general.

Recommendation for further studies

The following suggestions are recommended for further studies:

1. Normally, consumers can be grouped into various segments characterized by their characteristics such as government employee, public employee, and business owner. Each group might have its own interests which might be different from the other groups. The future study should focus on the certain segments mentioned above by using the current topic.

2. This study focused on only attitudes toward holding life insurance of people working in Bangkok. Due to the different financial demands among people in different geographic area of Thailand, further study should be studied in different geographic areas such as the northern or southern part of Thailand. The findings will benefit the insurance companies on sustaining more efficient alternatives to improve their marketing plans in different areas. Also, the results will be beneficial for Thai government to effectively provide a significant portion of public health and social welfare in each area.

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APPENDIX

แบบสอบถาม

ทัศนคติการทำประกันชีวิตของคนในเขตกรุงเทพฯ

แบบสอบถามฉบับนี้จัดทำเพื่อศึกษา "ทัศนะคติการทำประกันชีวิตของคนในเขตกรุงเทพฯ" ผลการศึกษาที่ได้รับนอกจากใช้เป็นส่วนหนึ่งของการศึกษาแล้ว ยังจะใช้เป็นแนวทางในการแก้ไขปรับปรุงการดำเนินงานของธุรกิจประกันชีวิตให้ดียิ่งขึ้นในโอกาสต่อไป อันจะเป็นผลประโยชน์ต่อบริษัทประกันชีวิต และ พัฒนาระบบประกันชีวิตในประเทศไทย ผู้วิจัยจะใช้ข้อมูลนี้เพื่อการวิจัยนี้เท่านั้น

แบบสอบถามประกอบด้วย 3 ส่วน:

ส่วนที่ 1: ข้อมูลทั่วไป

ส่วนที่ 2: ข้อมูลทัศนคติของคนไทยต่อการทำประกันชีวิต

ส่วนที่ 3: ข้อเสนอแนะอื่นๆ

คำชี้แจง : โปรดทำเครื่องหมาย ✕ หน้าข้อความ

<u>ส่วนที่1</u>: ข้อมูลทั่วไปของผู้ตอบแบบสอบถาม

1. เพศ

☐ ชาย ☐ หญิง

2. อายุ

☐ 20-30 ☐ 31-40

☐ 41-50 ☐ 51-60

3. จำนวนบุตรที่อยู่ในอุปการะของท่าน

☐ ไม่มี ☐ 1 คน

☐ 2 คน ☐ 3 คน

☐ มากกว่า 3 คน

4. จำนวนกรมธรรม์ประกันชีวิตของท่านที่มีอยู่

☐ ไม่มี ☐ 1 กรมธรรม์

☐ 2 กรมธรรม์ ☐ 3 กรมธรรม์

☐ มากกว่า 3 กรมธรรม์

<u>ส่วนที่ 2</u>: ข้อมูลทัศนคติของคนไทยต่อการทำประกันชีวิต

1. ทำเครื่องหมาย ❌ ในช่องที่ตรงกับความคิดเห็นของท่านเกี่ยวกับการทำประกันชีวิต

การประกันชีวิต...	เห็นด้วยอย่างยิ่ง	เห็นด้วย	ไม่เห็นด้วย	ไม่เห็นด้วยอย่างยิ่ง
1. เป็นการสร้างความมั่นคงทางการเงินให้กับตนเอง และครอบครัว				
2. เป็นการลดความเสี่ยง บรรเทาความเดือดร้อนที่เกิดขึ้นไม่ว่าจะเป็นการเงิน หรือสุขภาพ				
3. เป็นหลักประกันสำหรับค่าใช้จ่ายเมื่อยามเจ็บป่วย				
4. เป็นค่าใช้จ่ายสำรองในยามฉุกเฉิน(จากการกู้หรือยกเลิกกรมธรรม์เพื่อรับเงินสด)				
5. เป็นหลักประกันเพื่อการศึกษาสำหรับบุตรหลาน				
6. เป็นหลักประกันค่าใช้จ่ายในยามแก่ชรา				
7. เป็นหลักประกันค่าใช้จ่าย <u>หากเจ็บป่วย พิการหรือได้รับอุบัติเหตุที่ไม่ถึงกับชีวิต</u>				
8. เป็นการออมทรัพย์ระยะยาว และมีความเสี่ยงในการลงทุนต่ำ				

2. ทำเครื่องหมาย ❌ ในช่องวิธีการออมทรัพย์และการลงทุนของท่าน เลือกตามความเป็นจริง และเลือกได้มากกว่า 1 คำตอบ

_____ไม่ได้ออมทรัพย์ หรือลงทุน

_____ฝากเงินกับธนาคาร

_____ซื้อกรมธรรม์ประกันชีวิต

_____พันธบัตร

_____กองทุนตราสารทุน (กองทุนหุ้น)

_____หุ้น

_____อื่นๆโปรดระบุ ____________________

คำชี้แจง: ข้อ 3 -11 โปรดทำเครื่องหมาย ✕ หน้าคำตอบที่ท่านเลือก

3. หากท่านมีค่าใช้จ่ายเกี่ยวกับค่ารักษาพยาบาล ท่านวางแผนที่จะใช้ค่ารักษาพยาบาลจาก

ก) ไม่มีการวางแผน

ข) ประกันชีวิต

ค) สวัสดิการค่ารักษาพยาบาลจากรัฐบาล

ง) ประกันสังคม/ สวัสดิการค่ารักษาพยาบาลจากบริษัท

จ) เงินเก็บ / รายได้ปัจจุบัน

4. ท่านวางแผนค่าใช้จ่ายเกี่ยวกับค่าเล่าเรียนบุคคลในอุปการะของท่านจาก (หากท่านไม่มีบุคคลในอุปการะ ข้ามไปทำข้อ 5)

ก) ไม่มีการวางแผน

ข) ประกันชีวิต

ค) สวัสดิการการศึกษาจากรัฐบาล

ง) เงินออม

จ) รายได้ปัจจุบัน

5. ท่านวางแผนค่าใช้จ่ายหลังเกษียณอายุการทำงานจาก

ก) ไม่มีการวางแผน

ข) ประกันชีวิต

ค) สวัสดิการจากรัฐบาล และสังคม

ง) ประกันสังคม/ กองทุนสำรองเลี้ยงชีพ/ สวัสดิการจากบริษัท

จ) เงินฝาก

6. หากท่านไม่สามารถประกอบอาชีพชั่วคราว ท่านจะนำเงินส่วนใดมาเป็นค่าใช้จ่าย

ก) ไม่มีการวางแผน

ข) ประกันชีวิต

ค) สวัสดิการจากรัฐบาล และสังคม

ง) ประกันสังคม/ สวัสดิการจากบริษัทที่ทำงานอยู่

จ) เงินฝาก

7. หากท่านไม่สามารถประกอบอาชีพถาวร ท่านจะนำเงินส่วนใดมาเป็นค่าใช้จ่าย

ก) ไม่มีการวางแผน

ข) ประกันชีวิต

ค) สวัสดิการจากรัฐบาล และสังคม

ง) ประกันสังคม/ สวัสดิการจากบริษัทที่ทำงานอยู่

จ) เงินฝาก

8. ท่านคิดว่าสถานภาพทางการเงินของท่านและครอบครัว ในการชำระค่าใช้จ่ายในชีวิตประจำวัน และในยามฉุกเฉินอยู่ในระดับใด

ก) มั่นคง และปลอดภัยอย่างยิ่ง

ข) มั่นคง และปลอดภัยมาก

ค) มั่นคง และปลอดภัยปานกลาง

ง) ค่อนข้างมั่นคง และปลอดภัย

จ) ไม่มั่นคง และไม่ปลอดภัย

9. "การทำประกันชีวิตโดยทั่วไป เป็นการวางแผนทางการเงินเพื่อ การออมเงิน เป็นหลักประกันทางการเงินให้ครอบครัว ค่ารักษาพยาบาลสุขภาพ และลดความเสี่ยงของความไม่แน่นอนทางการเงินของผู้เอาประกันภัย" จากข้อมูลดังกล่าวข้างต้นท่านคิดว่า

ก) เลือกการทำประกันชีวิตแน่นอน

ข) อาจจะเลือกการทำประกันชีวิต

ค) ยังตัดสินใจไม่ได้

ง) เลือกทำประกันบางส่วน และเลือกความเสี่ยงทางด้านความไม่แน่นอนทางด้านการเงินบ้าง

จ) เลือกที่จะมีความเสี่ยงทางด้านความไม่แน่นอนทางด้านการเงิน โดยไม่ทำประกันชีวิต

10. ข้อใดอธิบายทัศนคติการทำประกันชีวิตของท่านต่อการทำประกันชีวิต

"ฉันคิดว่า การทำประกันชีวิต ______________________"

ก) <u>ไม่มีความจำเป็น</u>สำหรับการออมทรัพย์ และการลดภาระทางการเงิน

ข) <u>ไม่ค่อยมีความจำเป็น</u>สำหรับการออมทรัพย์ และการลดภาระทางการเงิน

ค) <u>มีความจำเป็นบ้าง</u>สำหรับการออมทรัพย์ และการลดภาระทางการเงิน

ง) <u>มีความจำเป็นอย่างยิ่ง</u>สำหรับการออมทรัพย์ และการลดภาระทางการเงิน

11. ข้อใดอธิบายถึงความรู้ ความเข้าใจ และประโยชน์ของท่านต่อการทำประกันชีวิตได้ดีที่สุด

ก) ฉันมีความรู้ ความเข้าใจ ในประโยชน์ของการทำประกันชีวิตดีมาก

ข) ฉันมีความรู้ ความเข้าใจ ในประโยชน์ของการทำประกันชีวิตดี

ค) ฉันมีความรู้ ความเข้าใจ ในประโยชน์ของการทำประกันชีวิตพอสมควร

ง) ฉันไม่ค่อยมีความรู้ ความเข้าใจ ในประโยชน์ของการทำประกันชีวิต

จ) ฉันไม่มีความรู้ ความเข้าใจ ในประโยชน์ของการทำประกันชีวิต

12. ทำเครื่องหมาย ✕ ในช่องปัจจัยภายในที่มีผลกับการตัดสินใจในการทำประกันชีวิตของท่าน

	ระดับความสำคัญ				
	มากที่สุด **5**	มาก **4**	ปานกลาง **3**	น้อย **2**	น้อยที่สุด **1**
1. รายได้					
2. ครอบครัว					
3. ญาติ/ เพื่อน					
4. คำบอกต่อจากบุคคลอื่น					
5. ประสบการณ์ส่วนตัว					

13. ทำเครื่องหมาย ✕ ในช่องปัจจัยที่มีส่วนในการประกอบการตัดสินใจทำประกันชีวิตของท่าน

	ระดับความสำคัญ				
	มากที่สุด **5**	มาก **4**	ปานกลาง **3**	น้อย **2**	น้อยที่สุด **1**
1. การโฆษณาของบริษัทประกันชีวิต					
2 ช่องทางการจัดจำหน่ายกรมธรรม์ประกันชีวิต					
3 ตัวแทนประกันชีวิต/ เจ้าหน้าที่ของบริษัทประกันชีวิต					
4 ข้อมูล/เอกสารเผยแพร่เกี่ยวกับการทำประกัน					
5 โปรโมชันของการขายประกัน					
6 ลักษณะของแบบประกัน					
7 ราคาของแบบประกัน					
8 เบี้ยประกันชีวิตสามารถลดหย่อนภาษีได้					
9 โครงการของรัฐบาลที่สนับสนุนการทำประกันชีวิต					

<u>**ส่วนที่ 3:**</u> ความคิดเห็น และทัศนคติของท่านต่อการทำประกันชีวิต

1. หากท่านต้องการทราบข้อมูลใดเพิ่มเติม เพื่อใช้ประกอบการตัดสินใจทำประกันชีวิตหรือไม่ โปรดระบุ

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2. ท่านมีประสบการณ์ หรือได้รับคำบอกเล่า ทั้งดี และไม่ดีที่มีผลกับทัศนคติในการตัดสินใจทำประกันชีวิตของท่านอย่างไร โปรดระบุ

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ผู้วิจัยขอขอบคุณทุกท่านที่ให้ความร่วมมือในการตอบแบบสอบถาม

QUESTIONNAIRE

Thais' attitudes toward holding life insurance

This questionnaire is designed to explore Thai working people in Bangkok Metropolitan on their attitudes toward holding life insurance. Your responses to the questions will greatly provide the vital information this study. All information you provide will be confidential.

This questionnaire is divided into three parts as follows:

Part 1: General Information of the participants

Part2: A survey of people in Bangkok Metropolitan on their attitude toward holding life insurance

Part3: Knowledge and experience that reflect their attitude toward holding life insurance

Instructions: Please mark "✕" for the most appropriate answer.

Part 1: General Information of the participants

1. Gender

☐ Male ☐ Female

2. Age

☐ 20-30 ☐ 30-40

☐ 41-50 ☐ 51-60

3. Number of children with no income

☐ None ☐ One

☐ Two ☐ Three

☐ Four or more

4. Number of your life insurance

☐ None ☐ 1

☐ 2 ☐ 3

☐ more than 3 policies

Part 2: The following is a series of questions regarding your attitudes towards life insurance.

1. Please mark "✕" for your answer of each item.

Life insurance…	Strongly Agree	Agree	Disagree	Strongly Disagree
1. can protect your family's financial status.				
2. can reduce financial risk.				
3. can cover the medical expenses.				
4. provides cash from policy loan or policy cancellation in case of an urgent financial need.				
5. can support as your children's education fund.				
6. can support you during your retirement.				
7. helps decrease financial burden when loss of income in case of disability.				
8. is a gradual saving with low risk.				

2. Please mark "✕" the methods of your savings and investment. (Check all that apply)

______ No savings / No investment

______ Saving account

______ Cash value of life insurance

______ Bonds

______ Mutual funds

______ Stock

______ Others (please specify) ______________________

Instructions: Please mark “✕” for your answers.

3. Which of the following describes your plan for your medical expenses?
   a) Unplanned
   b) Life insurance
   c) Social welfare
   d) Thai Social fund/Employee welfare
   e) Saving account/Current income

4. Which of the following describes your plan for your children’s education? (If you have no children, please go to item 5)
   a) Unplanned
   b) Life insurance for children’s education
   c) Government welfare for education
   d) Saving account
   e) Current income

5. Which of the following describes the plan for your retirement expenses?
   a) Unplanned
   b) Life Insurance
   c) Government welfare
   d) Thai Social fund/ Provident fund /Employee welfare
   e) Saving Account

6. Which of the following describes your plan for expenses in case of temporary disability?
   a) Unplanned
   b) Insurance
   c) Government welfare
   d) Thai Social fund/ Employee welfare
   e) Saving account

7. Which of the following describes your plan for expenses in case of permanent disability?
    a) Unplanned
    b) Insurance
    c) Government welfare
    d) Thai Social fund/ Employee welfare
    e) Saving account

8. How secure and stable do you feel about your current financial status on your daily living expenses and dependents' in case of emergencies?
    a) Very secure and Stable
    b) Substantially secure and stable
    c) Moderately secure and stable
    d) A little secure and stable
    e) Not secure and stable

9. "Life insurance is a financial planning that serves an individual or a family as savings for financial security, and for medical expenses and helps reduce the uncertainty of financial risk ". According to the statement
    a) I definitely choose to hold a life insurance.
    b) I probably choose to hold a life insurance.
    c) I cannot make any decisions yet.
    d) I choose paying some money for life insurance and taking some of uncertainty of financial risk.
    e) I definitely choose the uncertainty of financial risk with out holding life insurance.

10. Which of the following describes your attitude toward life insurance?

"**I think life insurance ________________.**"

a. <u>is unnecessary</u> for saving and decreasing financial burden.
b. <u>is somewhat unnecessary</u> for saving and decreasing financial burden.
c. <u>Is necessary</u> for saving and decreasing financial burden.
d. <u>is definitely necessary</u> for saving and decreasing financial burden.

11. Which of the following describes your knowledge and understanding of life insurance?
    a) I know and understand about life insurance very well.
    b) I know and understand about life insurance well.
    c) I fairly know and understand about life insurance.
    d) I don't have much knowledge or understanding of life insurance.
    e) I have no knowledge or understanding of life insurance at all.

12. Please mark "✕" the internal factors that influence your decision on holding life insurance.

	The level of importance				
	Very Important **5**	Important **4**	Somewhat Important **3**	A little important **2**	Very little important **1**
1. Income					
2. Family					
3. Relatives or friends					
4. Word-of-mouth					
5. Personal experience					

13. Please mark "✕" the external factors that influence your decision on holding life insurance.

	The level of importance				
	Very Important **5**	Important **4**	Somewhat Important **3**	A little important **2**	Very little important **1**
1. Advertisement of life insurance company					
2. Distribution channels of life insurance					
3. Agent/ insurance representative					
4. Information/document					

	The level of importance				
	Very Important **5**	Important **4**	Somewhat Important **3**	A little important **2**	Very little important **1**
about life insurance					
5. Sales promotion/Sales campaign					
6. Type of insurance product					
7. Insurance fee					
8. Entitling personal tax deduction					
9. Government project on promoting life insurance					

Part 3: Opinion and attitude toward holding life insurance.

1. Do you need more information to help you make a decision on holding life insurance? Please specify.

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2. Do you have any good or bad experiences with any life insurance? Please specify.

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Thank you very much for your kind cooperation.

VITAE

VITAE

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