

PUBLIC CONFIDENCE ON INSURANCE IN SRI LANKA

FINAL SURVEY REPORT



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கொழும்புப் பல்கலைக்கழகம்
UNIVERSITY OF COLOMBO



INSURANCE REGULATORY
COMMISSION OF
SRI LANKA

Survey Background & Objectives

IRCSL, as the regularity body of the insurance industry, takes the ownership to assess the public perception and confidence towards Insurance to intervene and involve insurance companies to craft the right strategies and implement them to enhance the enthusiasm towards the industry.

To fuel the above-stated aim, the IRCSL has started a survey in partnership with the University of Colombo to explore the public confidence on Insurance using a holistic research framework.

The main objectives

1. To ascertain the public perception of confidence in the insurance.
2. Identifying issues that must be addressed to improve public confidence.

The sub-objectives

1. Examine the demographic and socio-economic variations of the people's perception and awareness of insurance schemes in Sri Lanka.
2. Find the attributes that determine the confidence level in public and life insurance.
3. Develop a composite index to gauge the confidence towards insurance.



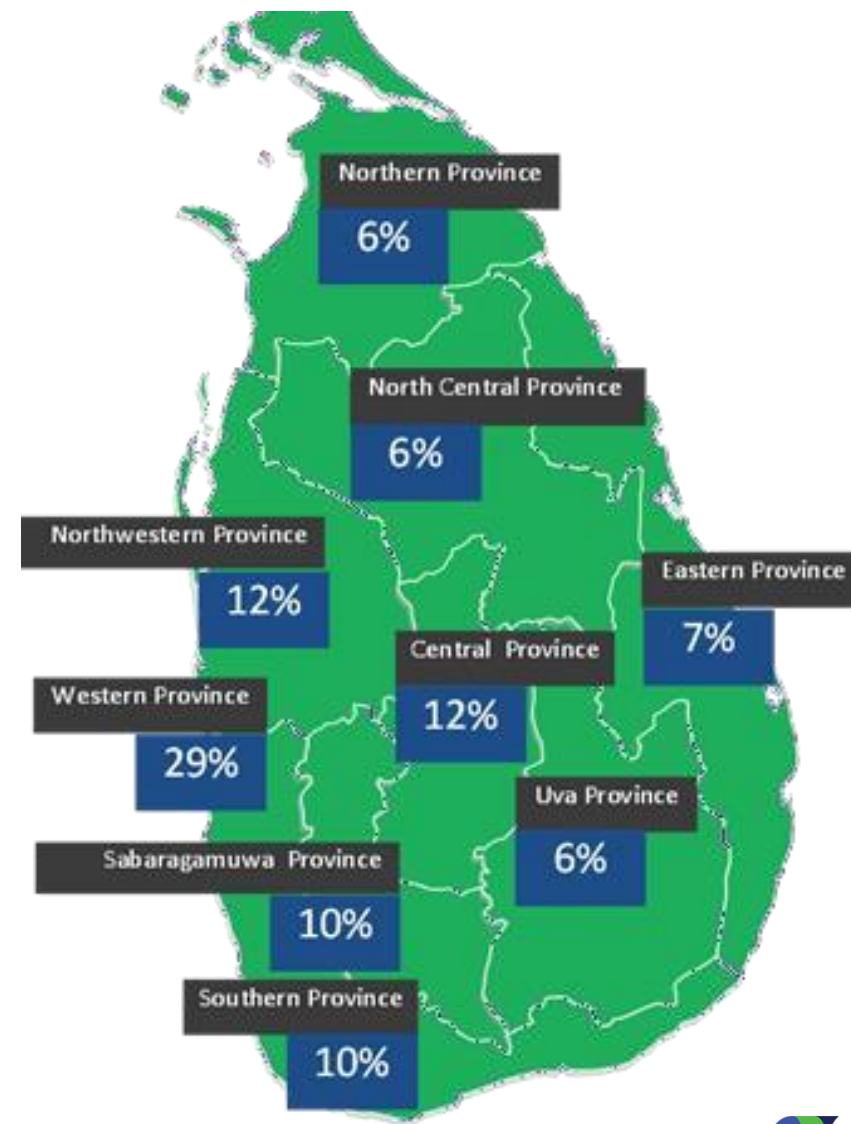
Study Design

METHODOLOGY	QUANTITATIVE STUDY				
SURVEY TOOL	STRUCTURED QUESTIONNAIRE				
COVERAGE	ALL ISLAND REPRESENTATIVE STUDY				
SAMPLING	STRATIFIED RANDOM SAMPLING				
SAMPLE	STATISTICALLY VALID SAMPLE @ 95% CL & < 5% MoE				
TARGET GROUP	THE GENERAL PUBLIC				
DEMOGRAPHIC PROFILE	Age – 18-50	Gender: 52:48 (male & Female)	Ethnicity	Life Stage	Life Style
BEHAVIOUR PROFILE	Current Users of Insurance	Churned Users of Insurance		Potential Users of Insurance	
Total No of Responded	4280				

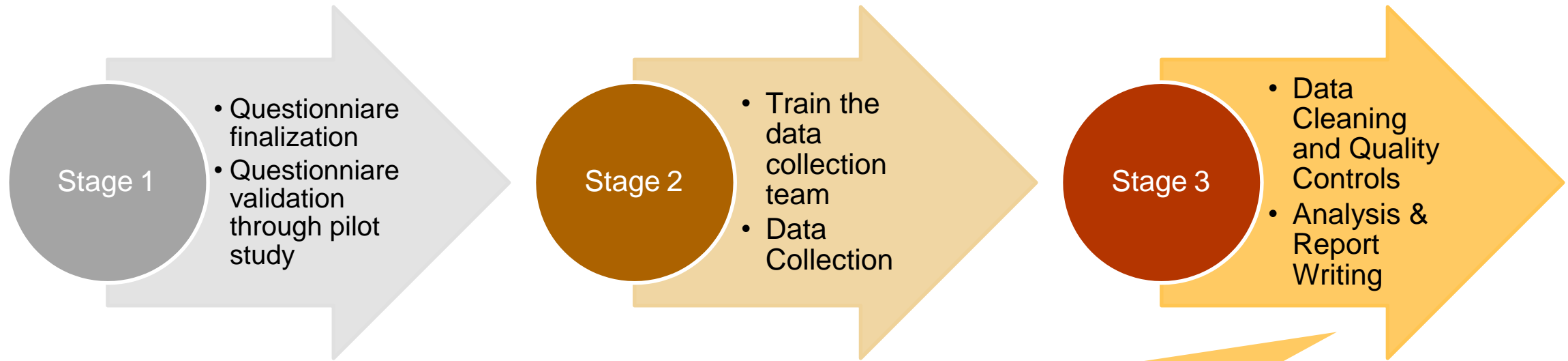


Sample Distribution

District	Universe	Population Representation	Total sample distribution on PPS	Adjusted sample distribution	Data Weighting factor
Colombo	1,164,825	12.02%	505	500	1.01
Gampaha	1,147,924	11.85%	498	500	1.00
Kalutara	576,936	5.95%	252	250	1.01
Kandy	629,260	6.49%	282	280	1.01
Matale	225,498	2.33%	101	100	1.01
Nuwara Eliya	321,120	3.31%	143	150	0.95
Galle	485,642	5.01%	216	210	1.03
Matara	367,052	3.79%	165	160	1.03
Hambantota	281,021	2.90%	126	130	0.97
Jaffna	266,322	2.75%	120	120	1.00
Mannar	47,744	0.49%	21	30	0.70
Vavuniya	84,552	0.87%	37	40	0.93
Mullaitivu	43,410	0.45%	19	30	0.63
Kilinochchi	51,490	0.53%	22	30	0.73
Batticaloa	248,511	2.56%	109	110	0.99
Ampara	313,901	3.24%	136	140	0.97
Trincomalee	178,598	1.84%	78	80	0.98
Kurunegala	759,817	7.84%	340	340	1.00
Puttalam	364,041	3.76%	159	160	0.99
Anuradhapura	427,308	4.41%	185	180	1.03
Polonnaruwa	201,085	2.07%	87	90	0.97
Badulla	376,545	3.89%	168	170	0.99
Moneragala	222,471	2.30%	97	100	0.97
Ratnapura	523,335	5.40%	230	230	1.00
Kegalle	380,401	3.93%	172	170	1.01
Total	9,688,809		4267	4280	1.00



Study Execution Process

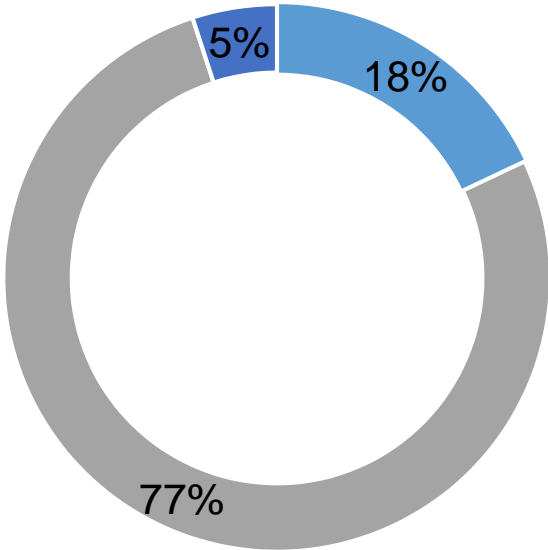


- The study used descriptive cross-sectional analysis
- Univariate and bivariate analytical methods and appropriate descriptive statistics and exploratory data techniques (EDA)
- To develop a confidence index on insurance was performed by using Composite Index in which considering three main variables of confidence on insurance, life insurance and general insurance

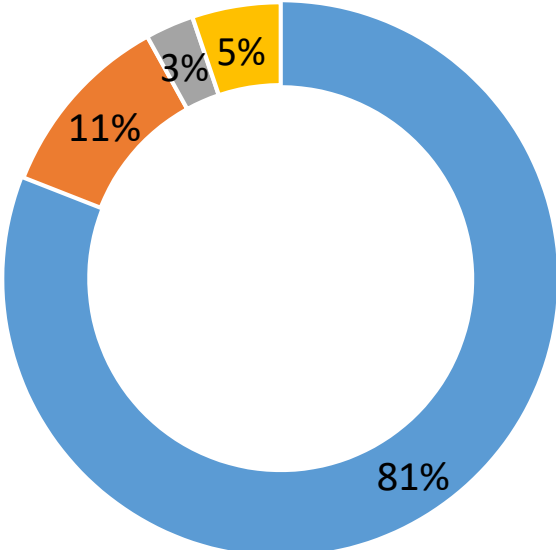


Demographic Characteristics of the Sample Population

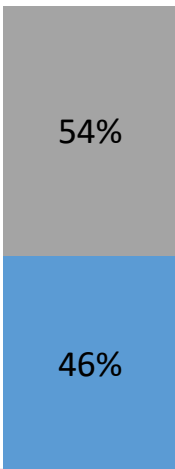
■ Urban ■ Rural ■ Estate



■ Sinhala ■ Sri Lankan Tamil
 ■ Indian Tamil ■ Sri Lankan Moor

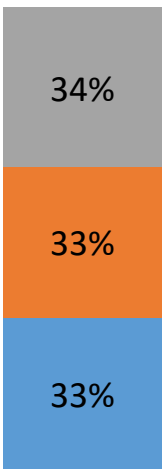


■ Male ■ Female



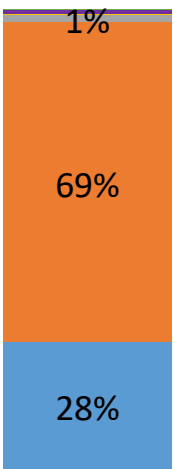
Gender

■ 18 - 30 age ■ 31 - 40 age
 ■ 41 - 50 age



Age

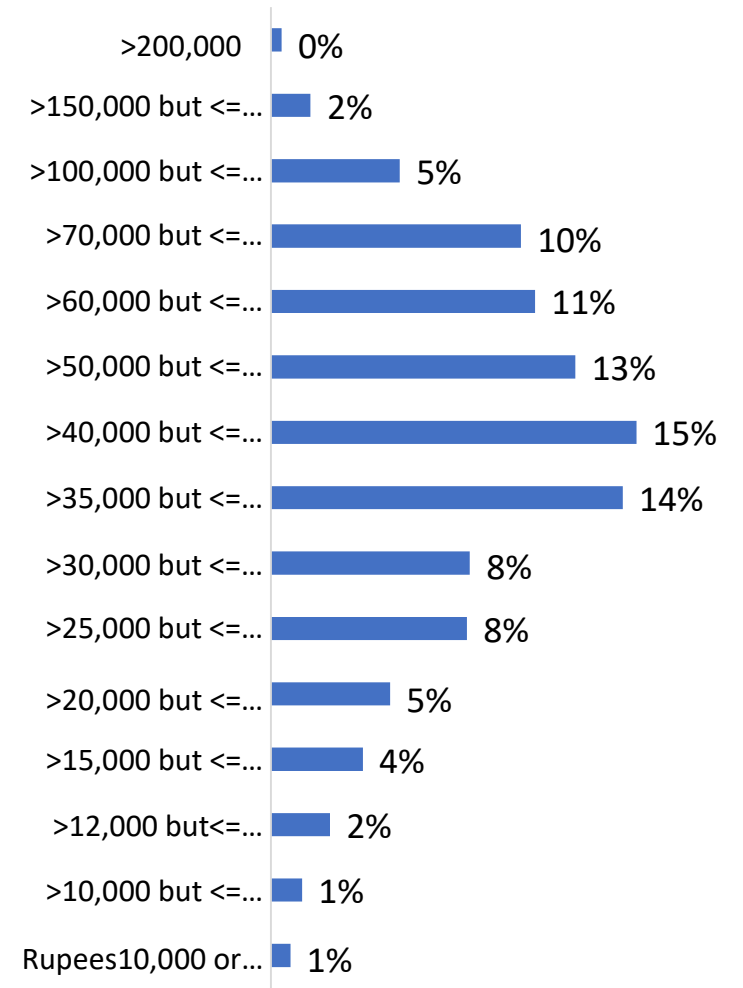
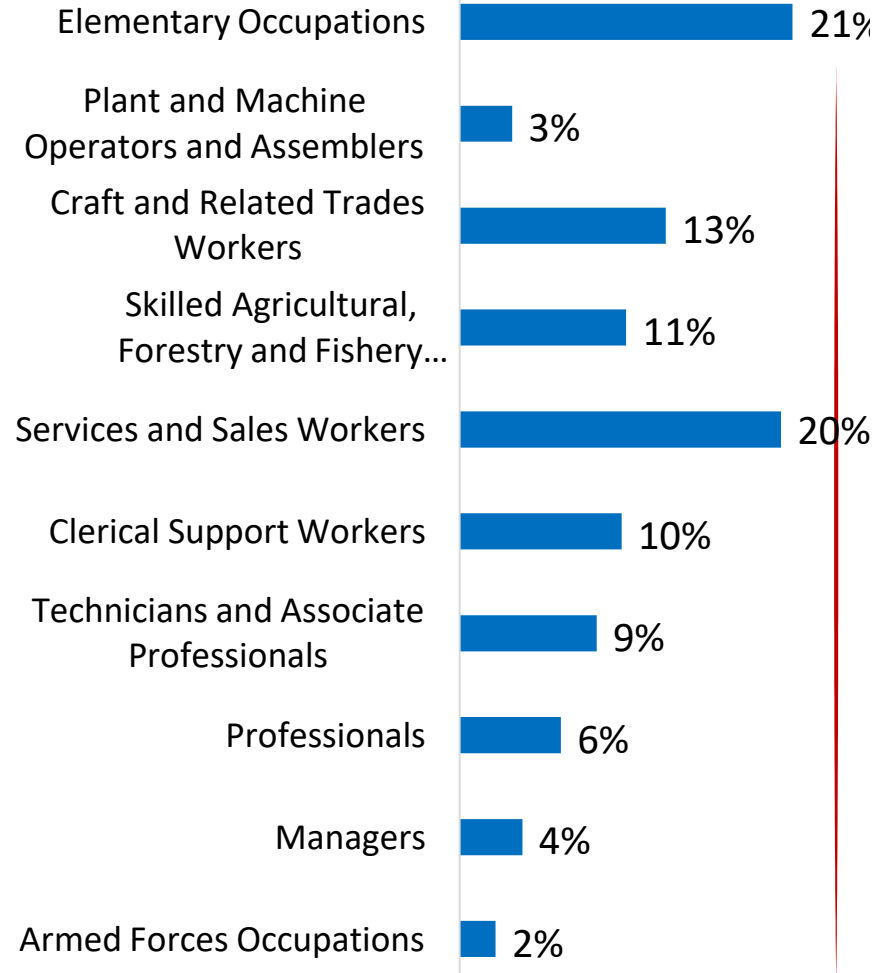
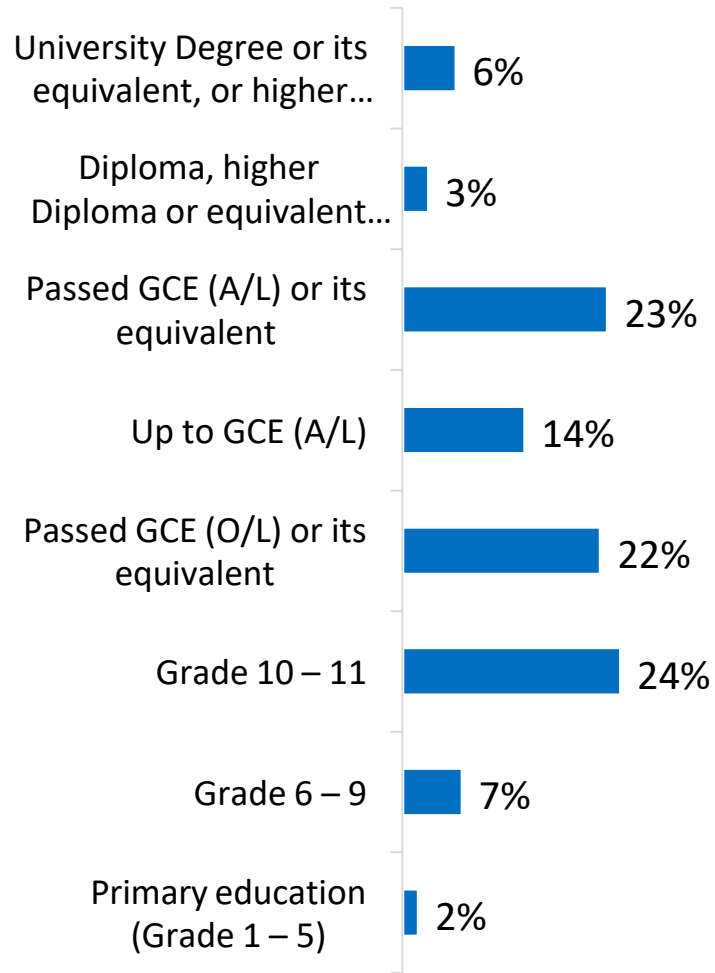
■ Other ■ Separated
 ■ Divorced ■ Widowed
 ■ Married ■ Single



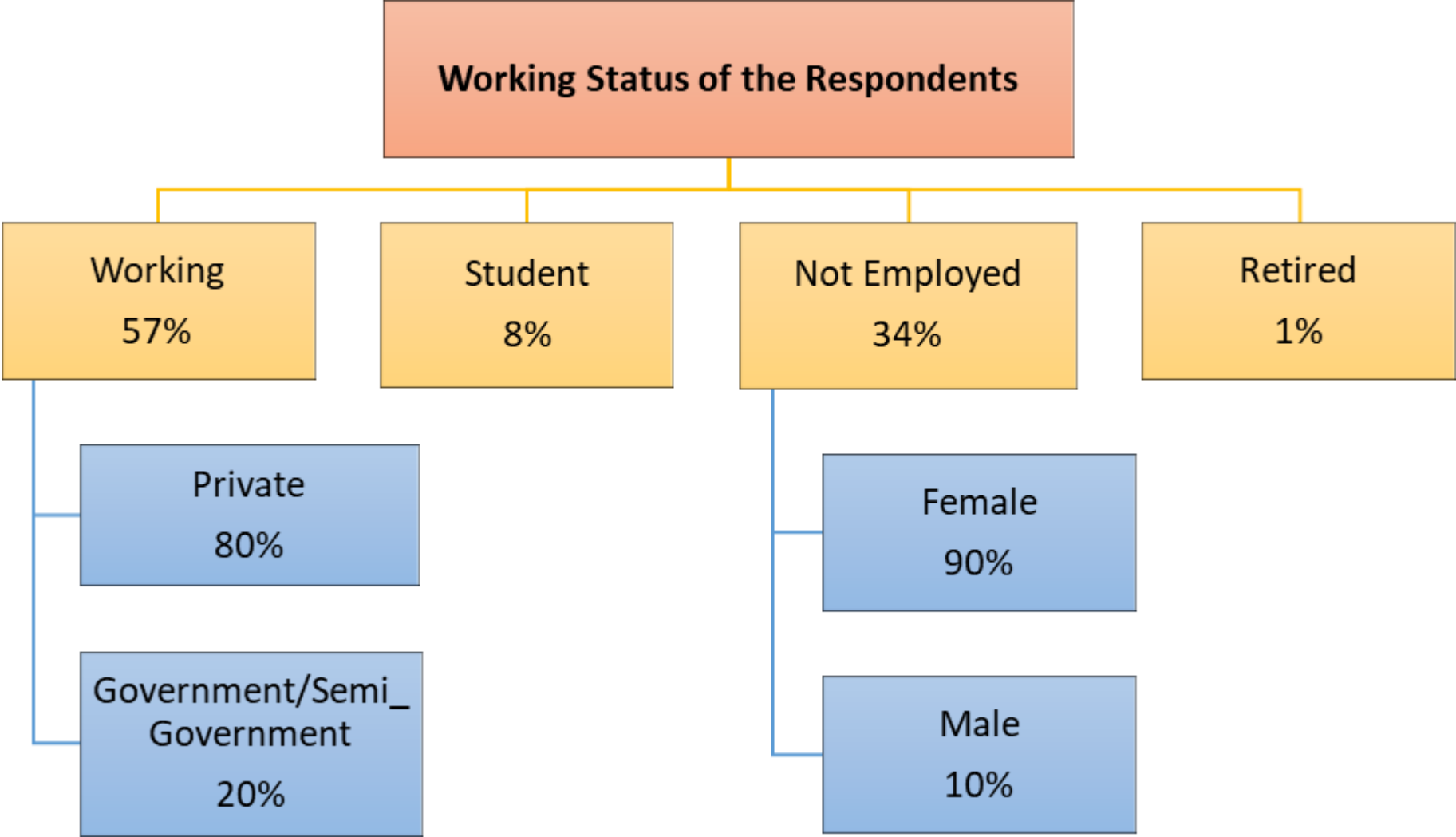
Marital status



Demographic Characteristics of the Sample Population



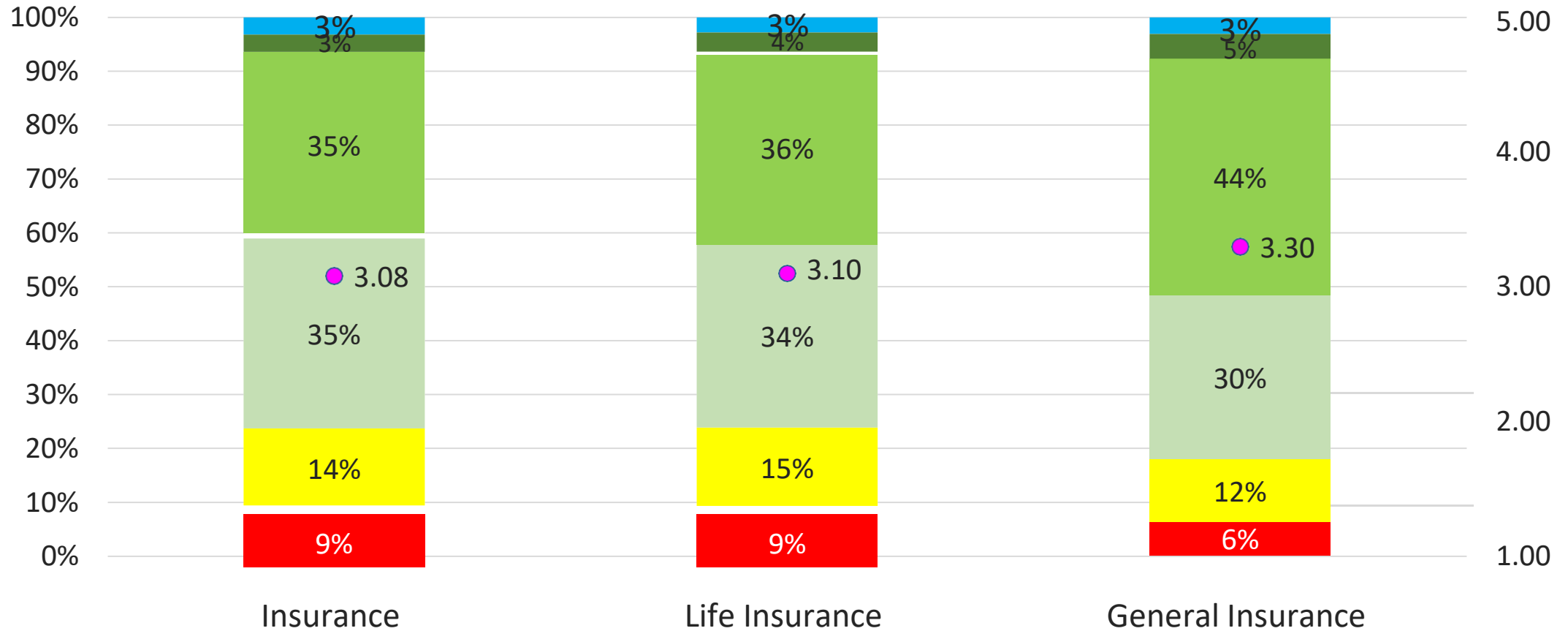
Demographic Characteristics of the Sample Population





Confidence Index of Insurance in Sri Lanka

Level of Confidence



- Not confident at all
- Low level of confidence
- Somewhat confident
- Confident
- Extremely confident
- No idea
- Mean score



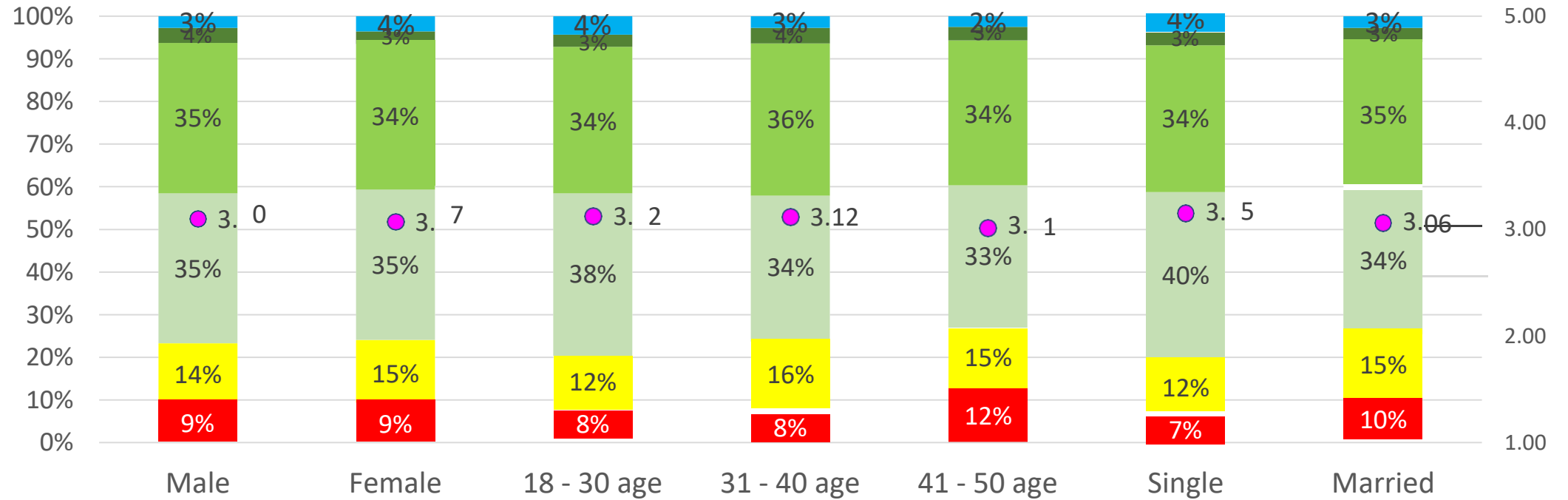
Confidence Index of Insurance in Sri Lanka

- The findings reveal that confidence in Insurance among the public of Sri Lanka is close to average (mean score of 3.08 on a five-point Likert scale).
- The same for life insurance is not significantly different, and it is at a 3.10 mean.
- Nevertheless, confidence in general insurance is slightly higher (3.30) among the public of Sri Lanka
- There are not many people in the country who have overwhelming confidence in insurance.
- However, when considering top two boxes (Extremely confident + confident) percentage, 38 percent have confident on insurance, 39 percent confidence on life insurance and 49 percent confidence level to general insurance which is mainly of motor insurance.
- The average insurance confidence index is 50.2 out of 100.
- Further, the Relative Important Index (RII) depicts that the people have reported the most important insurance scheme is General insurance (RII=.6422) whilst reported least importance is Life insurance (RII=.61)



Confidence Level of Insurance –Insurance Industry

Level of Confidence - Insurance

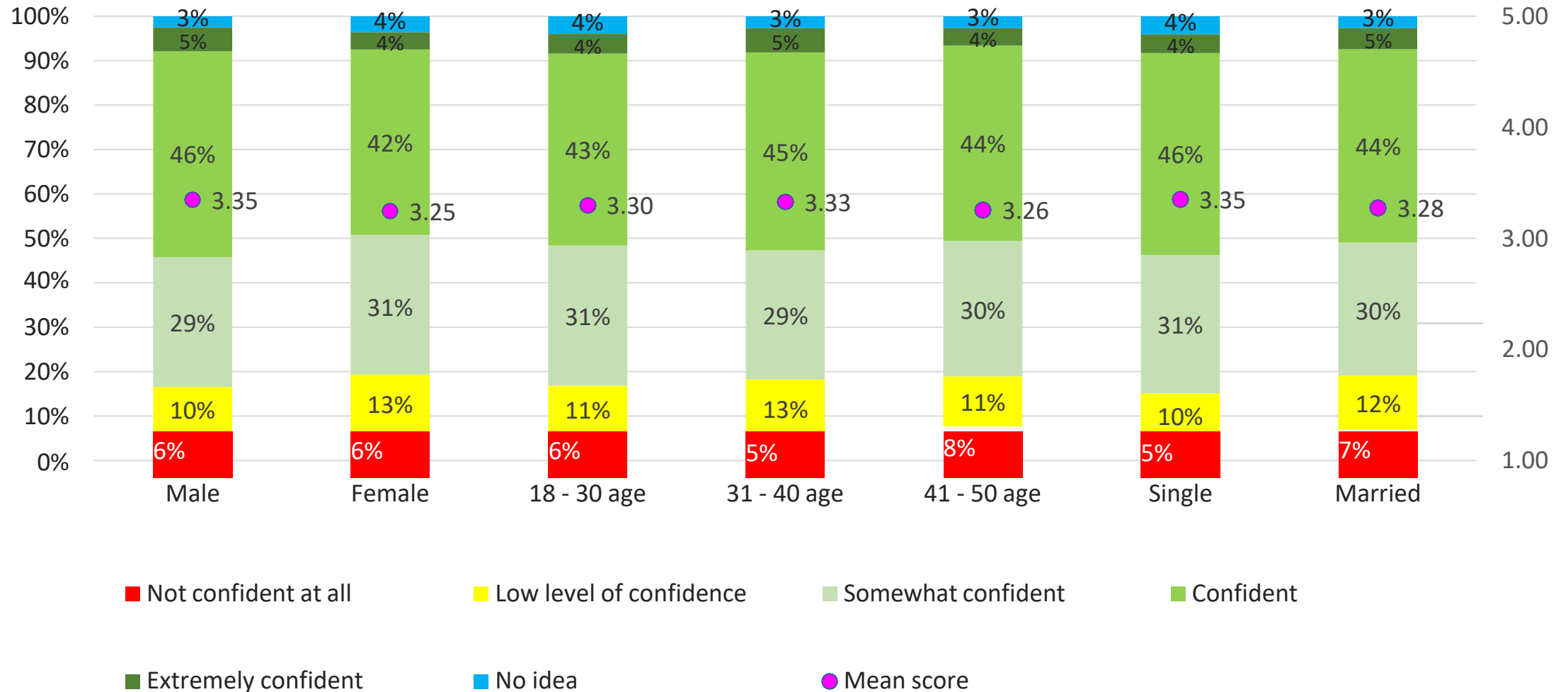


- Not confident at all
- Low level of confidence
- Somewhat confident
- Confident
- Extremely confident
- No idea
- Mean score



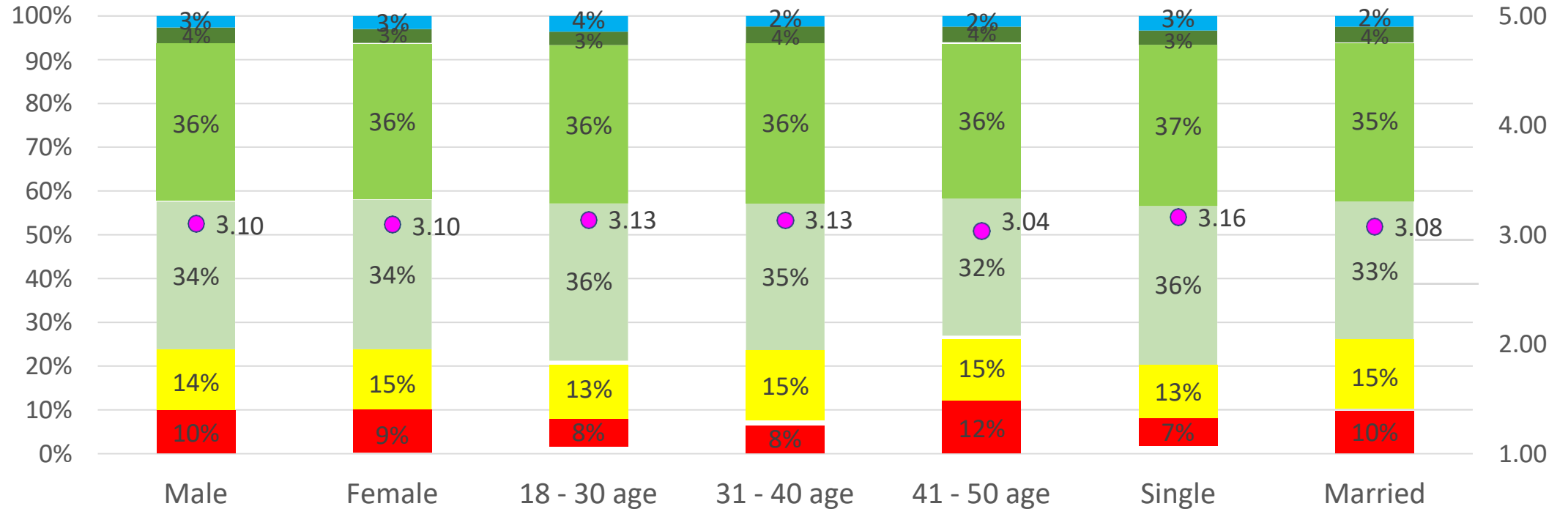
Confidence Level of Insurance –General Insurance Industry

Level of Confidence - General Insurance



Confidence Level of Insurance –Life Insurance Industry

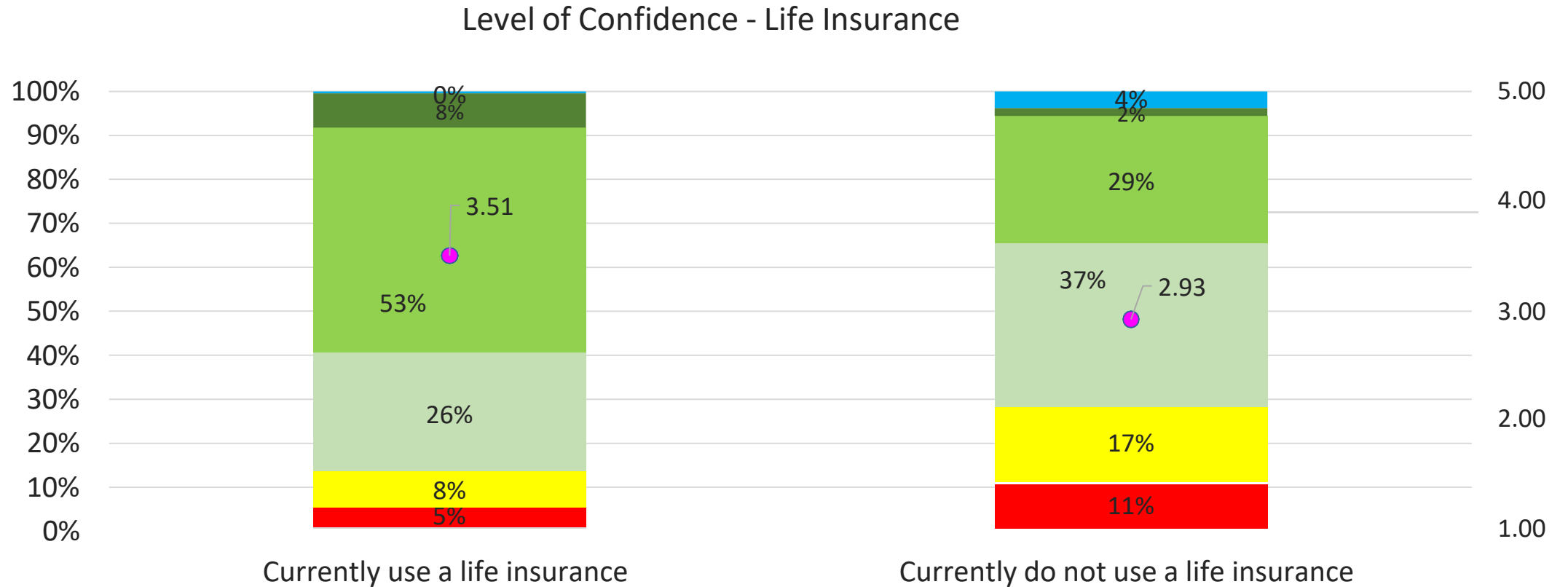
Level of Confidence - Life Insurance



- Not confident at all
- Low level of confidence
- Somewhat confident
- Confident
- Extremely confident
- No idea
- Mean score



Confidence Level of Life Insurance – Current Insurance Product Users

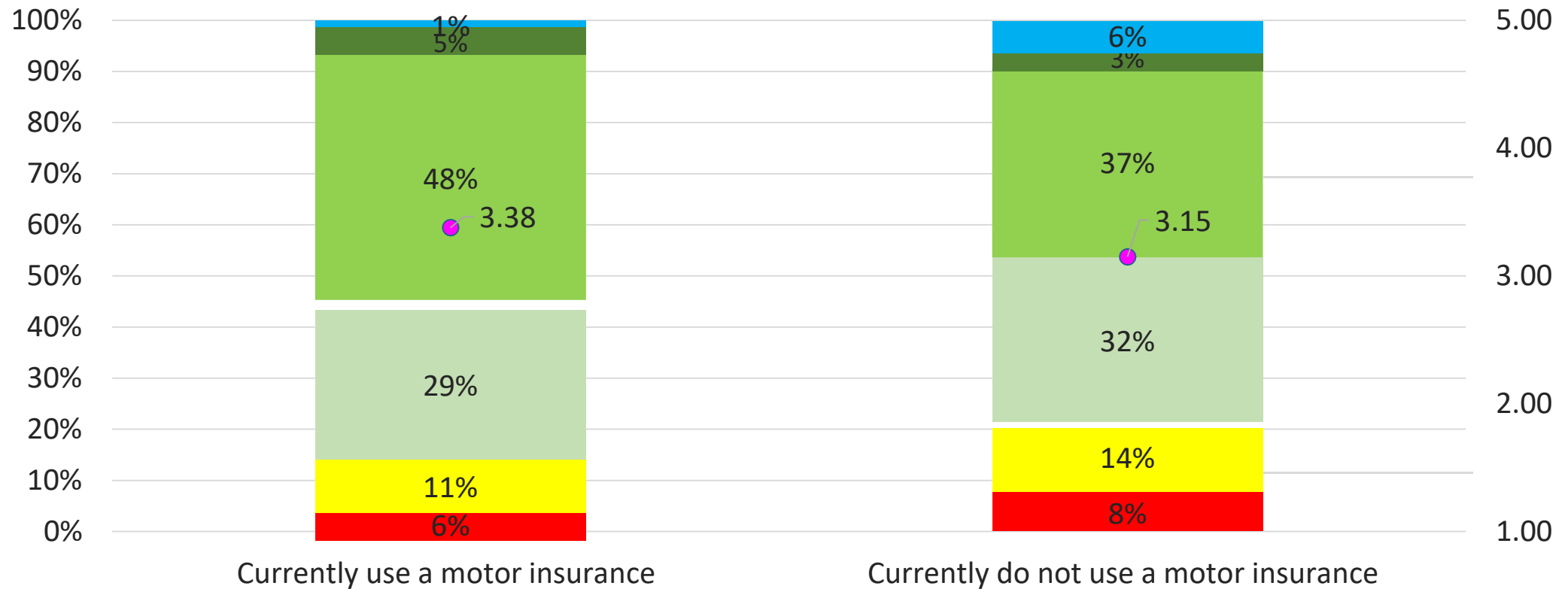


- Not confident at all
- Low level of confidence
- Somewhat confident
- Confident
- Extremely confident
- No idea
- Mean score



Confidence Level of General Insurance – Current Insurance Product Users

Level of Confidence - General Insurance

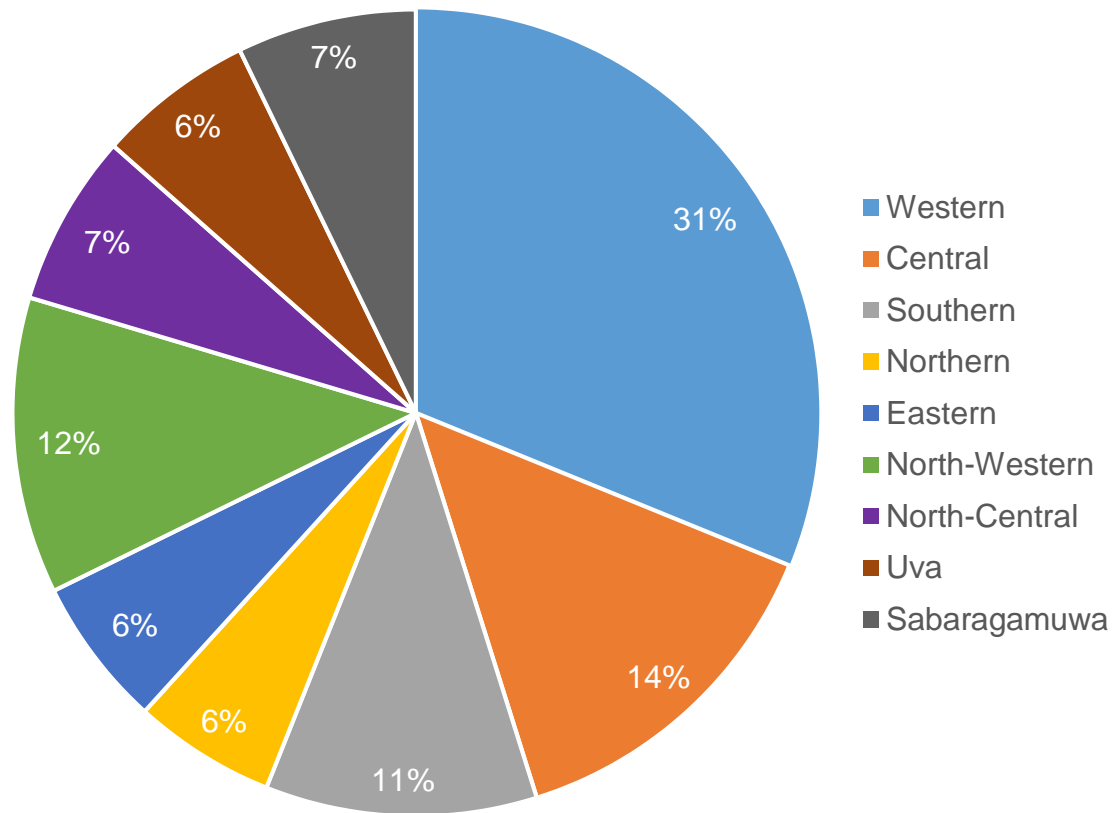


- Not confident at all
- Low level of confidence
- Somewhat confident
- Confident
- Extremely confident
- No idea
- Mean score

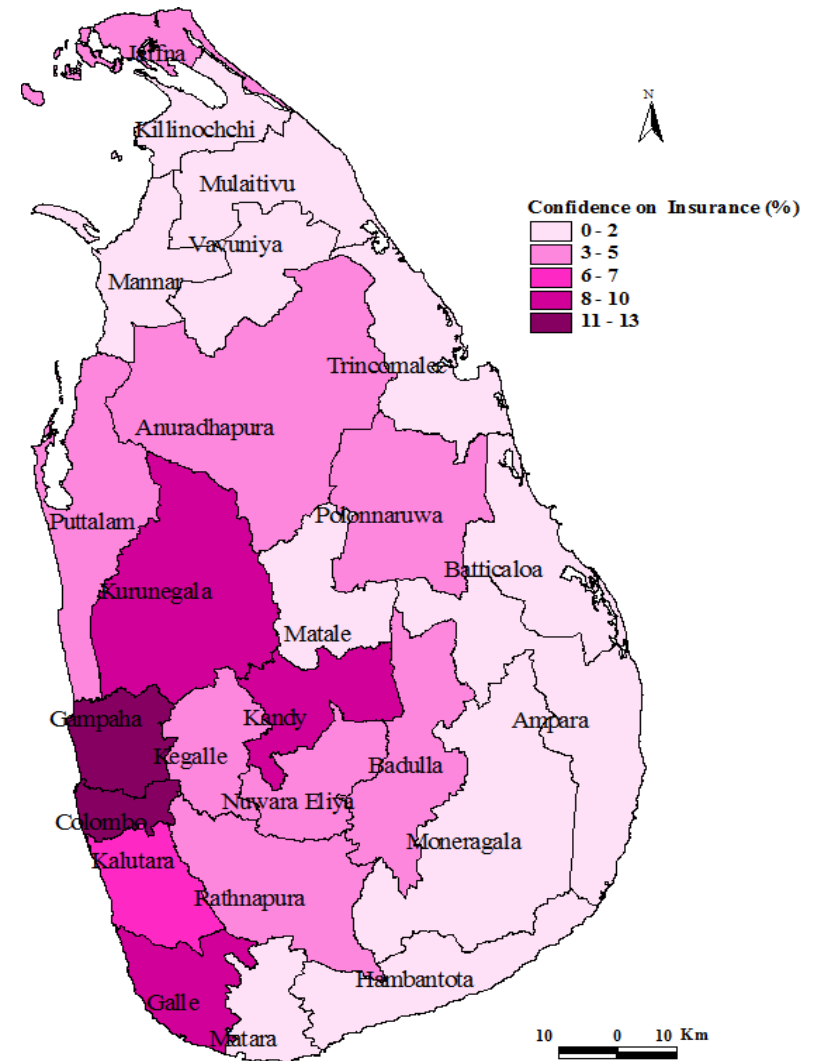


The Confidence Level of Life Insurance

Province Level Confidence in Life Insurance

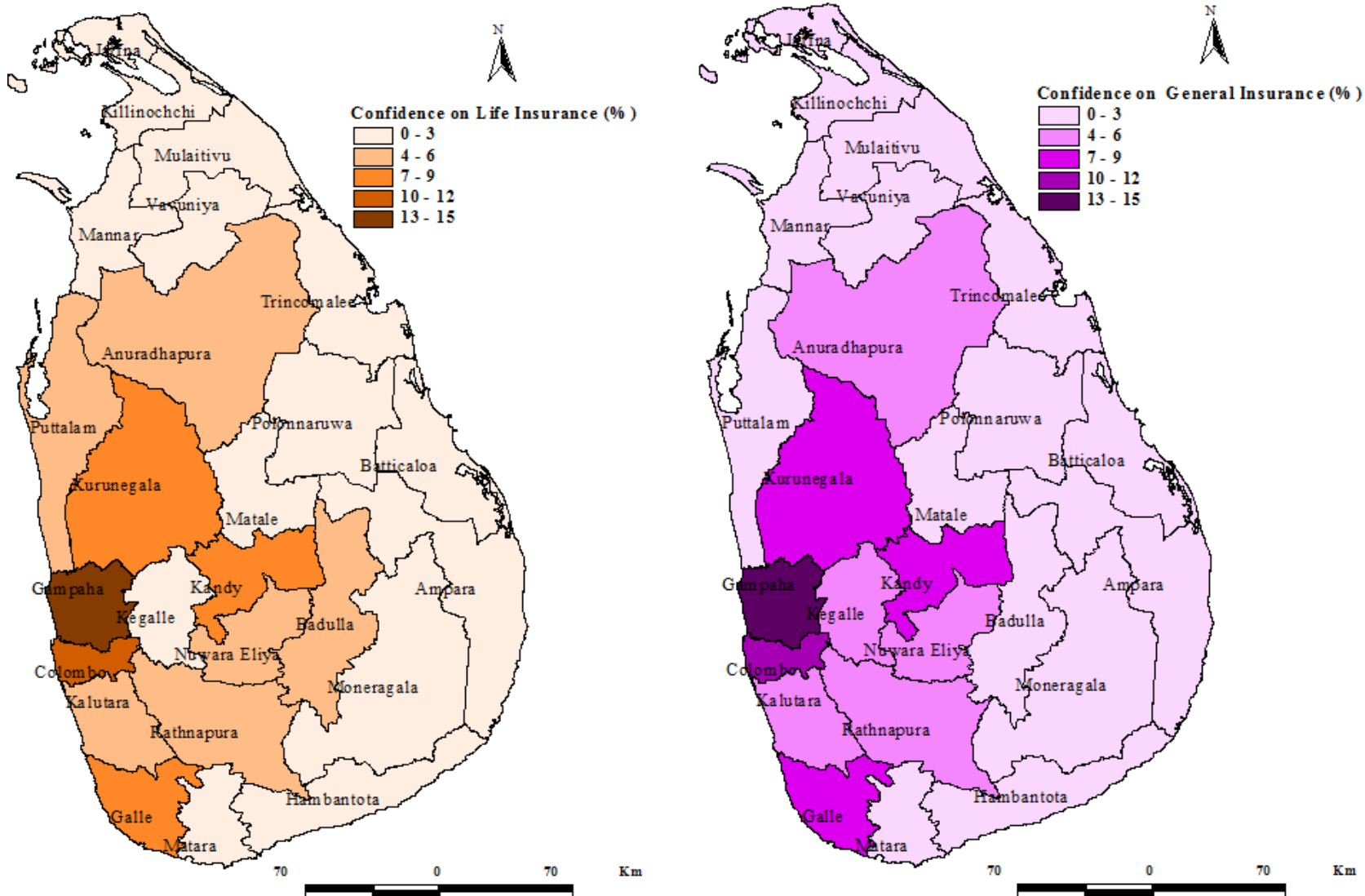


District Level Confidence in Insurance



The Confidence Level of Life & General Insurance

District Level Confidence in Life & General Insurance



The same trend of confidence in life and general insurance can be observed across the districts like it was for the overall insurance category.





Drivers of Confidence – Life Insurance

Confidence Driver

The factors that are considered as **highly important** by the respondents.

- The awareness on the existence of different complaints handling mechanisms/ institutions
- The efficiency in handling complaints in timely manner
- The strong financial background of the insurance company

Hidden Drivers

The factors that are considered as **important**

- The basic knowledge of the policyholders' rights and duties
- The terms and conditions of the policy document
- The availability of regulations to protect the policyholder
- The delivery of the promised benefits for the premium you pay
- The professionalism of the insurance company/Broker/Agent
- The honesty, Sincerity, & trustworthy to the customers
- The efficiency of customer service²¹



Basic Drivers

The factors that are considered as **low in importance**

- Being able to make premium payments through multiple channels/places
- The assurance on receiving the full claim
- The knowledge and expertise in handling claim by those who handle claims
- The procedure of forwarding a complaint.

Late Drivers

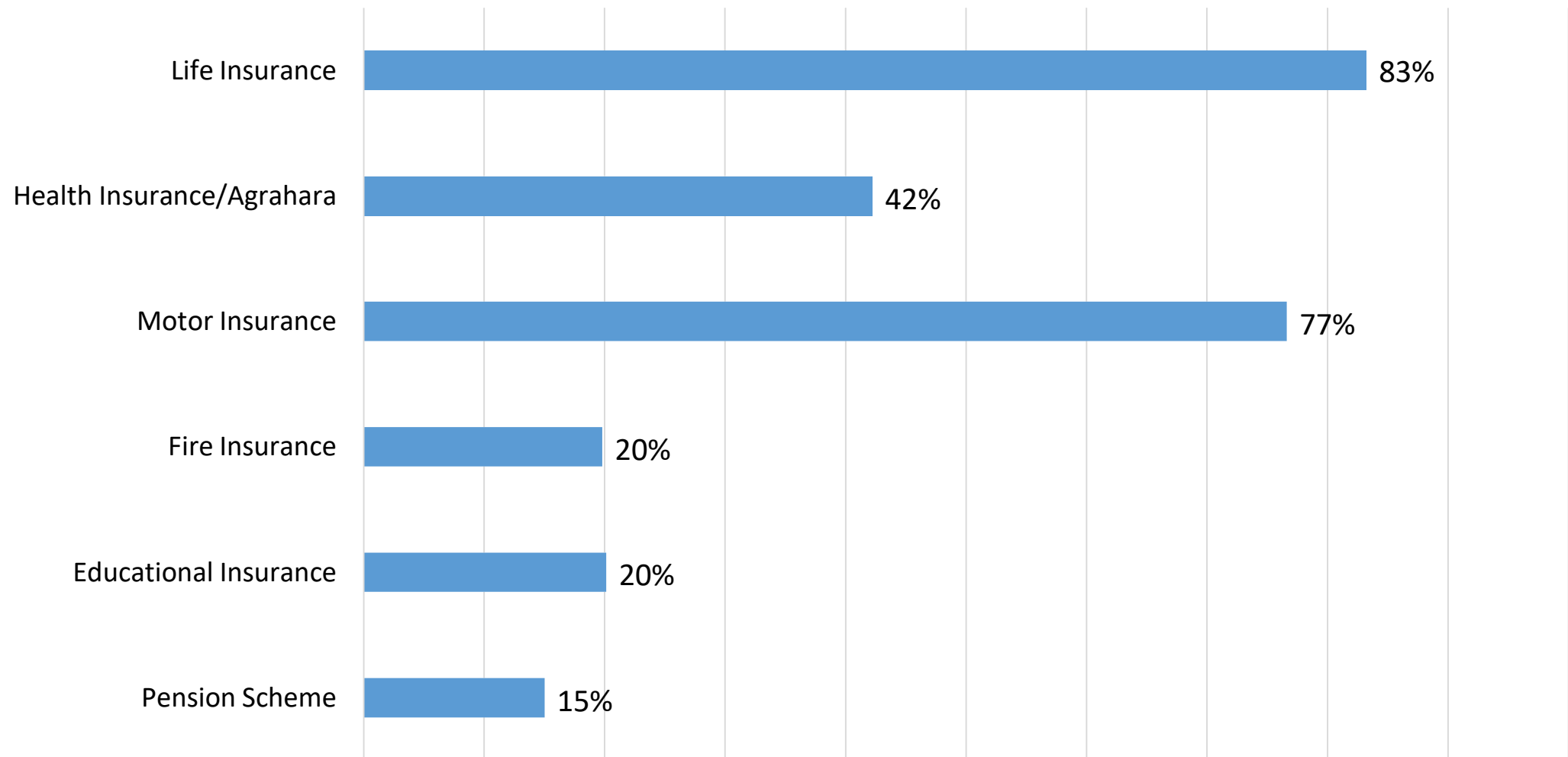
The factors that are considered as **less important**

- To receive calls from insurance agents regularly
- Having a convenient insurance buying process
- The clarity of the benefits and the customers' need
- The awareness of claims handling procedure
- The awareness of claim documents



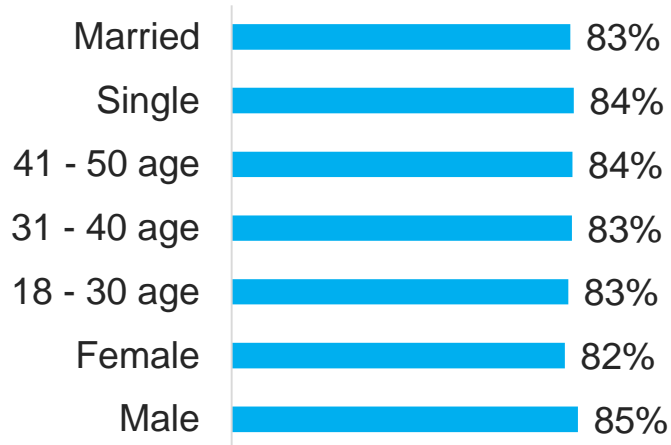
Public Awareness on Currently Available Insurance Products in the Country

Awareness of Insurance Products (in %)

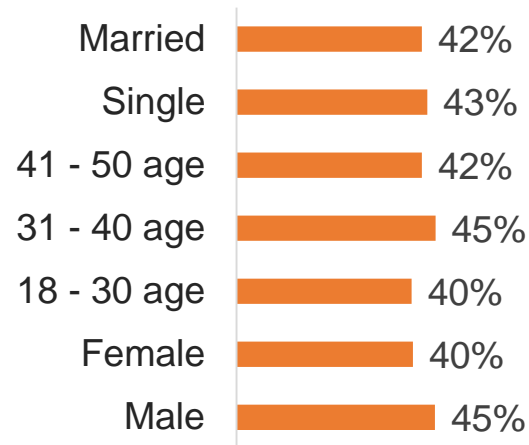


Public Awareness on Currently Available Insurance Products in the Country – by Demography

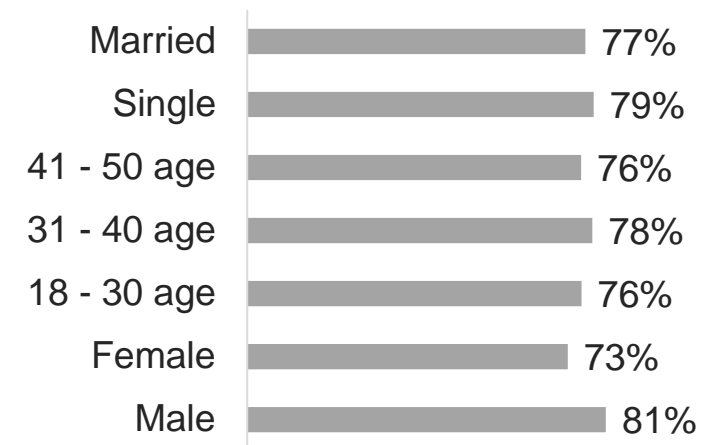
Life Insurance



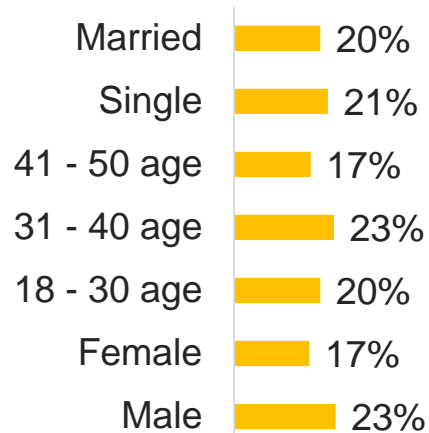
Health Insurance



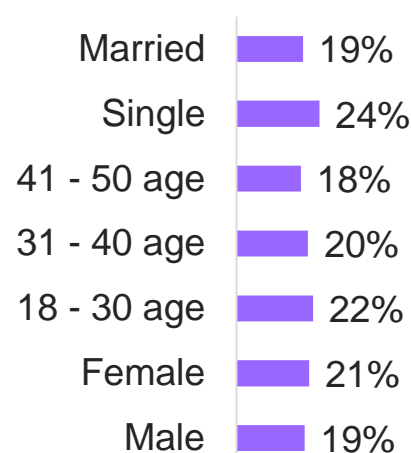
Motor Insurance



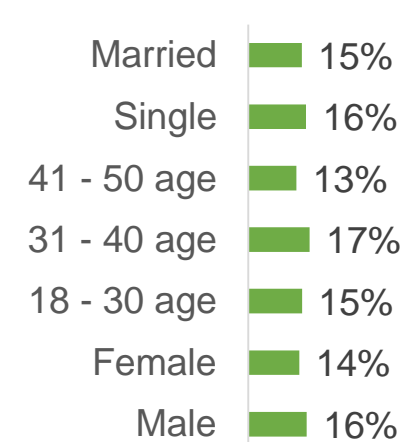
Fire Insurance



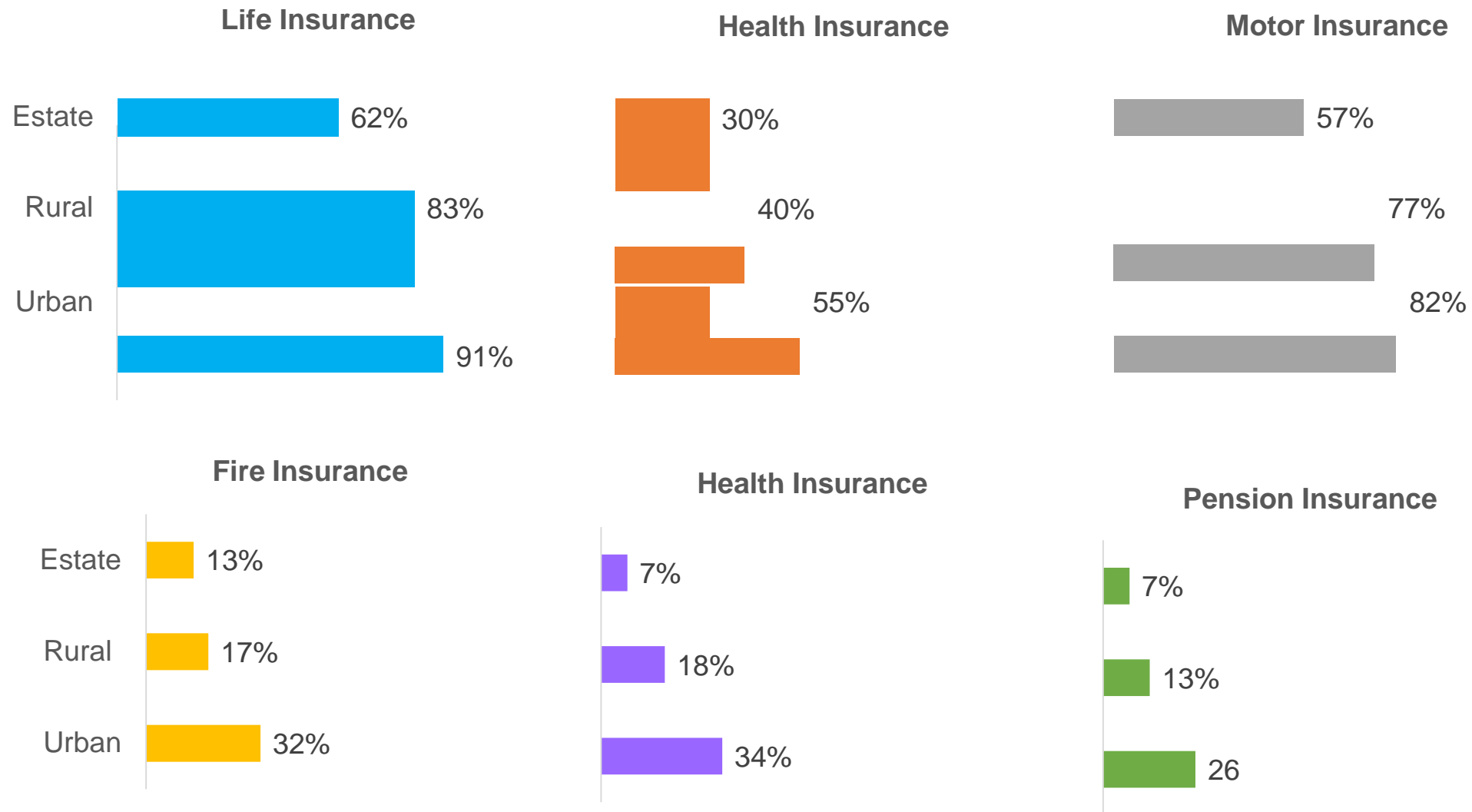
Education Insurance



Pension Insurance

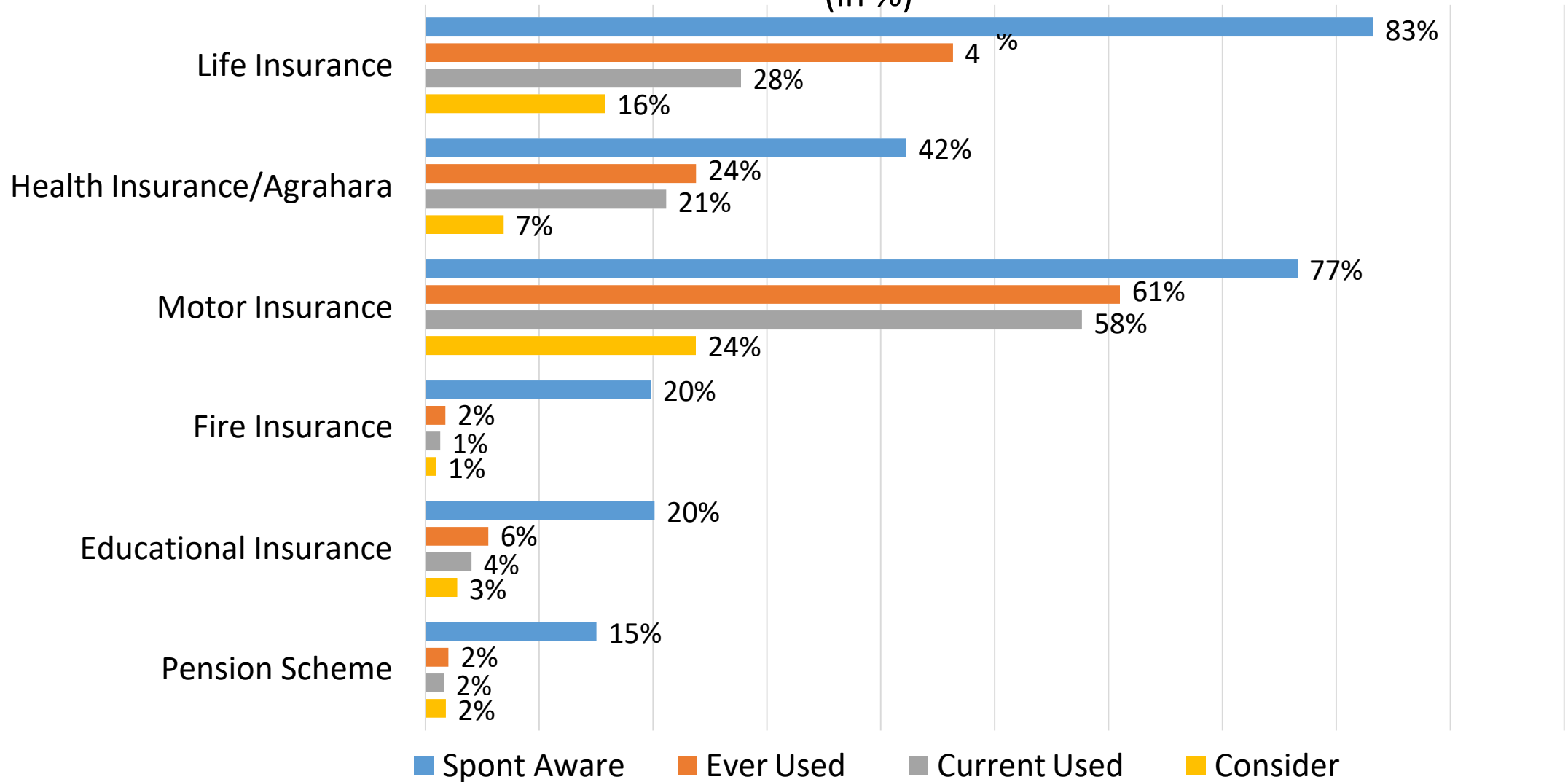


Public Awareness on Currently Available Insurance Products in the Country – by Geography



Public Usage and Future Consideration on Insurance Products in the Country

Awareness to Usage and Future Consideration of Insurance Products
(in %)



Public Awareness of IRCSL

	Aware of IRCSL (%)	Not aware of IRCSL (%)
All	32	68
Western	39	61
Central	23	77
Southern	49	51
Northern	6	94
Eastern	9	91
North Western	32	68
North Central	53	47
Uva	20	80
Sabaragamuwa	24	76
Urban	33	67
Rural	32	68
Estate	15	85

	Aware of IRCSL (%)	Not aware of IRCSL (%)
18 – 30 age	30	70
31 – 40 age	32	68
41 – 50 age	33	67
Male	31	69
Female	32	68
Single	31	69
Married	32	68
Current users of Life insurance	44	56
Current non users of Life insurance	27	73
Current Users of Motor Insurance	35	65
Current non users of Motor insurance	26	74



Conclusion

- The finding of the research disclose that the people are not happy with companies deliver the basic knowledge of policy holders' rights and duties
- The factors are named as hidden factors as people believe that life insurance companies in the country could enhance their performance
- There is a gap between awareness and usage of insurance products.
- There is a huge laps that can be seen from current used of life insurance products
- Overall country level awareness of IRCSL is in lower level





Thank you