

## **Perception of Insurance Professionals on Government Intervention for Life Insurance Industry in Sri Lanka**

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Life insurance plays an important role in promoting domestic savings and investments for the economic development of the country. During last six decades since the independence, the government of Sri Lanka has followed different policy decisions regarding the life insurance industry in each era and includes nationalization, liberalization, privatization, re-nationalization and de-regulation. At the end of 2014, 15 companies were operating in life insurance market and the penetration of life insurance as a per cent of GDP in 2014 was 0.46 per cent compared to 0.56 per cent in 2010. The problem of this study is that “does the government of Sri Lanka provide adequate support to enhance the market penetration in life insurance in Sri Lanka?” Accordingly, the objective of this research is to investigate the life insurance professionals’ perception regarding the support given by the government to enhance life insurance. In this study, a sample of 25 managers of top five insurance companies was selected using purposive sampling technique. Focused group interviews were conducted to collect the primary data and analysis based on qualitative approach. Majority of the insurance professionals’ perception was that, frequent change in government’s policy decisions negatively affects the consumer trust on life insurance market. Their perception is that, financial market is not stable, no long term investment instruments, not established the foreign exchange rate, government’s tax on life insurance reduces the customer benefits and it is the responsibility of the government to make awareness programmes to enhance the knowledge of general public about life insurance products. Accordingly it can be concluded streamlining the financial market, providing tax concessionary on life insurance, making awareness of general public by the government will lead to increase the market penetration of life insurance.

**Keywords:** Life Insurance; Government’s Policy; Professionals’ Perception; Market Penetration