

## **Popularity of Micro-insurance Mechanisms and the Poverty of Labourers in the Tea Industry in Estate Sector**

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Micro-insurance is supposed to reduce not only the risk of poverty from negative consequences, but also to improve the social wellbeing of the vulnerable crowds. Thus the popularity of the Micro-insurance in a society is a significant tool to improve those with marginal social status to participate fully in economic and social life. Tea industry in estate sector in Sri Lanka is still suffering the negative consequences accounting to 8.8% of poverty while the highest recording in Uva province was by 13.5% in 2013. The study was conducted to reveal the factors affecting unpopularity of micro-insurance among the labourers in the tea industry in estate sector with special references to Welimada Secretariat Division. The objectives of this study were: the first to explore the factors more influence the unpopularity of micro-insurance among laborers, the second is to measure the impact of such factors on poverty and the third is to examine issues and challenges faced by the providers of Micro-insurance in distribution mechanism. Quantitative research method has been carried out to initiate the study with the sample of 218 laborers for the primary data collection through a structured questionnaire designed on literature review. Data were analyzed by a regression model and categorical data analysis. The results proved that age, marital status, educational level, income level, monthly expenditure and the number of children had a significant impact on the unpopularity for micro-insurance under categorical data while regression analysis showed that the knowledge of micro-insurance ( $p = 0.818$ ) and the trust on micro-insurance ( $p = 0.857$ ) is significantly different from zero. The providers of micro-insurance are faced with huge obstacles due to the failure of proper awareness and position of different micro-insurance products. The poverty alleviation mechanism in the country must be addressed by



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design tailor made micro-insurance products rather than business development to reap the real fruit of micro-insurance.

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