

# The Determinants of Life and General Insurance Demand in Sri Lanka

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## ABSTRACT

**Introduction:** The main purpose of this study is to identify how macroeconomic, demographic and socioeconomic factors affect the life and general insurance demand in Sri Lanka and the most significant factors affecting life and general insurance demand in Sri Lanka.

**Design/Methodology/Approach:** Income, education, inflation, urbanization, and finance sector development are used as independent variables and life and general insurance density are the dependent variables of this study. This research uses secondary data, and the sample of this study is the years 2000 to 2019. These data are collected from different sources. analyzing method of this study is multiple regression analysis

**Findings:** income, urbanization has a significant effect on life insurance demand in Sri Lanka. Income, urbanization and finance sector development have a significant effect on the general insurance demand in Sri Lanka. Education, inflation are insignificant for both life and general insurance demand in Sri Lanka.

**Conclusion:** Income level and urbanization have a significant effect on both life and general insurance demand in Sri Lanka. So, increasing income levels and urbanization will be helpful for increase the insurance demand of the country. Also, insurance companies can focus on high-income people and people who live in urban areas to increase their insurance product sales. Developing the finance sector of the country will help develop the general insurance industry of the country.

**Keywords:** *Life insurance demand, General insurance demand, Sri Lanka, Insurance density, Insurance penetration*