

**PROBLEMS AND PROSPECTS OF INSURANCE RETIREMENT PLANS
IN THE CONTEXT OF SOCIOECONOMIC IMPLICATIONS OF
DEMOGRAPHIC AGEING IN SRI LANKA:
WITH SPECIAL REFERENCE TO GAMPAHA DISTRICT**

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ABSTRACT

The population ageing will become one of the greatest challenges creating many socioeconomic implications at individual, family and societal level during the coming few decades due to rapid increase in ageing population in Sri Lanka.

The problems in this research include, *'Why people with sufficient income do not purchase insurance retirement plans as an alternative method for receiving continuous monthly income for the financial security at retirement age in the context of socioeconomic implications of demographic ageing in Sri Lanka'?*

The objectives of the study include; to examine the socioeconomic implications of rapid increase in demographic ageing in Sri Lanka, to examine the limitations of mandatory and voluntary retirement plans currently available in Sri Lanka, to examine the demand for insurance retirement plans as an alternative method for receiving continuous monthly income for the financial security at old age, to identify the factors considered by the people when they decide to buy insurance retirement plans, to examine the benefits and limitations of insurance retirement plans offered by the insurance companies in Sri Lanka, to identify the problems and prospects of insurance retirement plans offered by the insurance companies in Sri Lanka, to suggest recommendations that should be adopted by the insurance companies to promote their insurance retirement plans.

Secondary data and primary data collected from 200 households, 100 insurance agents and 25 insurance managers were analyzed using quantitative and qualitative techniques. It was revealed that there is a very good demand and potential market for insurance retirement plans. Insurers and agents have identified the demand. However, the products do not match with the customers need and agents are not selling the products. Lack of varieties of retirement plans, lack of life time pension, not providing annually increasing retirement benefits, insufficient advertising, less motivation of agents and insufficient training, low commission rates, not providing guaranteed pension, less knowledge of the agents, delay and reduction in claims, long duration of premium payments are the problems of existing insurance retirement plans.

Since there is a very good demand and potential market for insurance retirement plans, insurance companies should design their products to match with the customers' needs. Accordingly, to offer variety of products, to offer life time pension and guaranteed benefits, to offer annually increasing monthly pension, to include additional benefits, to train and encourage the agents, to make aware the general public, to reward the loyal customers and to streamline the commission rates are recommended to promote this products by insurance companies.

Key words: Ageing, Retirement, Social Security, Insurance.