

The Determinants of Consumer Attitudes towards Life Insurance in Sri Lanka

Hettiarachchi, H.A.G.A.¹, Jayarathne, R.S.L.², Gamage, S.K.³

^{1,2,3} *Department of Insurance and Valuation, Faculty of Business Studies and Finance, Wayamba University of Sri Lanka*

¹*gayathrianuratha1999@gmail.com*, ²*saumyaj@wyb.ac.lk*, ³*gamagesk@yahoo.com*

ABSTRACT

The life insurance industry has an extremely significant role in enhancing the financial security and stability of the individuals and families. Nevertheless, attitudes of Sri Lankan consumers to life insurance products are varied and underexamined. This study investigates the influence of demographic, social, and economic factors on consumer attitudes toward life insurance, with a specific focus on the Sri Lankan context. The study was conducted by a positivist research philosophy and a deductive approach using a quantitative methodology. A structured survey was used to collect primary data using five-point Likert scale. Thus, using Andrew Fisher's formula as well as convenience sampling technique, a sample of 121 life insurance policy holders was selected. A pilot study was conducted on 15 respondents prior to the main survey to validate the validity and reliability of the survey instrument in advance before being used in full scale study. SPSS version 26 was used to analyze data with descriptive statistics, normality testing, reliability and validity tests, multicollinearity diagnostics, Pearson correlation and multiple regression.

Results indicated that the all three independent variables; demographic, social and economic factors were moderate and statistically significant positive influence with the consumer attitude towards life insurance products. It was found that economic and social factors were weaker than demographic factors, which were the strongest. All hypotheses were supported and the model accounted for 46.3% of the variance in consumer attitudes (R^2 0.463). A number of practical recommendations and suggestions, such as targeted marketing strategies, financial literacy programs, deploying the use of social influencers, flexible payment plans and bundling of insurance products for sales promotion, are suggested, based on these findings. While the study is useful in shedding some light, limitations of the sample size, informed geographic coverage, and data collection methods might have prevented the results from being adequately generalized for the wider Sri Lankan population. Therefore, future research should be done using larger and more varied samples as well as exploring psychological and technological factors in order to get a better picture of consumer behaviour in the life insurance sector.

Key Words: Life insurance, Consumer attitude, Demographic factors, Social factors, Economic factors

INTRODUCTION

The importance of life insurance as a crucial financial instrument which provides protection against unexpected life incidents is crucial for long term financial stability of an individual and his family. Beyond that, life insurance stands as a strategic financial planning tool, providing the function to mitigate risk and act also as a tool for emergency financial management, savings accumulation as well as retirement preparation (Lakshani & Napagoda, 2021). Though comparatively new in Sri Lanka, life insurance has numerous advantages that are not employed to their full potential as national insurance penetration rates are lagging far behind that of regional peers. Because life insurance contracts are legal, long term and financial nature, the product should be very thought of personal financial planning (Nekmahmud et al., 2017). Life insurance is currently very important in filling the gaps where state welfare provisions and personal savings do not reach the coverage levels required to meet long term obligations, particularly to address healthcare costs, maintaining living standards and to provide economic security and continuity to dependents. However, Sri Lankan consumers have many difficulties in choosing suitable life insurance products. This result also indicated that consumer attitude and decisions to life insurance can be affected by factors like gender, income, age, education level, cultural influences. It is important to understand these factors to identify the barriers to market participation and to increase the consumer engagement with life insurance products.

1.1. Research Problem

Recent developments in Sri Lanka's insurance industry present both opportunities and persistent challenges. Nevertheless, continuing to grow is supported by the rising consumer awareness and the introduction of innovative insurance products but the sector's low penetration rate of 1.1% herein of 2023, and other confusions on the policy terms and misconceptions of the insurance remain untouched (Insurance Regulatory Commission of Sri Lanka [IRCSL], 2023). Common complaints dealt with regulatory bodies involve unfair policy terminations, explanation of policy conditions not adequate, and poor professionalism from insurance agents. These are very significant issues that serve as an urgent need of bettering industry practices and education of consumers.

The biggest challenge for the life insurance sector is the increase in the complaints related to claims arising at 43.18% of total insurance complains in 2023 (IRCSL, 2023). These disputes often arise out of uncertain or vague policy provisions or delays in the payments to claims, not just eroding customer's trust and satisfaction from the life insurance product but also obstructive of a generally adoption of life insurance products. Since the process of claim settlement is at the heart of life insurance value, such issues badly affect consumers' attitudes and exacerbate the low penetration rate.

A deeper insight on consumer attitudes towards life insurance products is needed to effectively address these challenges. In fact, consumer attitudes have a large impact on market dynamics, and thus, they help in determining the success of insurers' strategic initiatives. They aid the design of targeted marketing strategies, the development of new insurance product features and enhancement of regulatory policies. However, there is lack of academic research on consumers' perceptions for life insurance in Sri Lankan context. There is a need to investigate deeply on the factors that influence consumer attitudes as a way of filling the gap, this could be financial literacy, social influences, and economic conditions.

This study therefore intends to fill this gap through the analysis of the demographic, socio-economic and other factors, which influence consumer attitude toward purchasing of life insurance in Sri Lanka. The results are anticipated to recommend practical approaches to enhance insurance sector stakeholder value through increased inclusion, improved consumer satisfaction and sustainable development of the country's Life Insurance industry.

1.2. Research Objectives

This study was guided by three primary research objectives, all focused on investigating the influence of social, economic, and demographic factors on consumer attitudes toward life insurance. These objectives were developed to provide a structured approach to understanding the key determinants shaping consumer behaviour in the life insurance sector. The specific research objectives are as follows:

1. To study the impact of social factors on consumer attitudes towards life insurance in Sri Lanka.
2. To study the impact of demographic factors on consumer attitudes towards life insurance in Sri Lanka.
3. To study the impact of economic factors on consumer attitudes towards life insurance in Sri Lanka.

2. LITERATURE REVIEW

2.1. Consumer Attitude

Kotler et al., (2012) states that attitude is a person's opinion based on how favorable or unfavorable they think a feeling, idea or object is and the inclination to do something accordingly. Attitudes are usually found within larger behavioral framework and are influenced by various economic, social, cultural and environmental conditions. These influences lead to the formation of deeply rooted behavioral patterns and so make attitudes relatively resistant to change. Purchase decisions of the consumer are greatly influenced by life style, family structure and educational background (Ncheema, 2021) and thus it plays a major role in shaping marketing strategy for goods and services.

If organizations are to attract and retain customers in a way that is profitable and sustainable growth it is critical that they understand and influence consumer attitudes. Competitive advantage can arise from the quality of the relationship between a business and its customers. Customer loyalty is affected largely based on how the

consumers perceive the value of their investments and whether their expectations are met or exceeded (Ncheema, 2021). By extension, understanding consumer attitudes, perceptions and emotional attitudes are particularly critical in areas like insurance, as consumer trust, and clarity are critical success factors that determine insurance market performance as well as the uptake of policy.

2.2. Life Insurance

In today's dynamic environment, risk is part of life and it has to be dealt with, and that's why risk management is an important strategy. Insurance is a financial safety net, which in the event of economic loss, will pay monetary compensation when certain conditions apply. It is a vital economic tool for individuals to exchange premiums in exchange for protection against the most significant financial risks. Life insurance is one of the various forms of insurance, and it is very important as it compensates for the loss of income of the beneficiaries in the event of the policyholder's untimely death. Factors that are important for consumer decision making include return on investment, insurer reputation, affordability and service quality. Especially in the case of consumer trust and adoption of the policy, the perceived goodwill and credibility of the insurance provider are critical (Bista & Upadhyay, 2023). Consumer attitudes toward life insurance are shaped by perceived advantages, including long-term savings and financial stability (Ncheema, 2021; Jain & Talach, 2012). However, there are barriers such as high premiums and complexity of insurance policies which prevent potential policyholders (Jain & Talach, 2012). Another important determinant in the consumer behavior is the trust in the insurance firms, which is determined by their transparency, reliability and ethical behavior (Valentina-Daniela & Gheorghe, 2015). There are also other forces such as cultural influences like societal norms and belief systems as well which shape consumer preferences (Jain & Talach, 2012).

The Theory of Planned Behavior and principles from behavioral economics have useful insights on how attitudes, subjective norm and perceived behavioral control influence insurance related decisions (Ncheema, 2021; Jain & Talach, 2012). Additionally, as noted by Gangadevi and Lakshmi (2020), certain policy attributes including service quality and policy transparency, and trust in insurers, have a considerable impact on consumers' perceptions and satisfaction with life insurance products. This helps insurers design consumer centric strategies to fulfil the changing customer expectations.

2.3. The Relationship between Social Factors and Consumer Attitude

Consumer attitudes towards life insurance are influenced by social factors, such as perceptions, behaviors and decisions to buy. In the life insurance market, Viswanathan et al. (2020) examine how social networks and peer recommendations have a huge impact on consumer loyalty. Based on their study, if consumers believe that they have social approval from their peers, they are more likely to prefer purchasing life insurance products. Strengthening customer loyalty is high quality e-services and trust in the insurer. Cai et al. (2015) also looks at the role of social networks in China and shows that social network endorsements and recommendations raise people's likelihood of purchasing insurance. The implication of this relationship between social approval and consumer behavior is that social influence is directly related to the decision to purchase insurance. Moreover, Durmaz (2014) asserts that social factors like social networks, peer influence and cultural norms have a positive effect on consumer's attitudes and purchasing decisions. According to them, social connections' positive endorsements increase the trust in products and services and in turn, positively influence the consumer attitude. Reinforcing these behaviors are also the cultural norms and societal values and due to these individuals give their purchasing decision as per the societal and cultural environment. Social factors like the number of dependents, family recommendation, social media interaction, and culture beliefs will influence how the people see and patronize life insurance products. Together, these studies highlight the contribution of the social aspect to the formation of consumer behavior as well as the interactive effect of social networks and culture's impact on buying processes in the life insurance market. In these insights, the insurers can understand and cater to the needs and needs of consumers better. As per the above literature, this review establishes that social factors have a significant influence on consumer attitude, as is the first hypothesis of this review.

H₁: Social factors significantly influence consumer attitudes towards life insurance in Sri Lanka.

2.4. The Relationship between Demographic Factors and Consumer Attitude

In determining the consumer attitudes towards the life insurance, demographic factors such as age, life cycle, occupation, financial condition, personality and self-concept are important. It has been shown that demographic variables like age, gender, marital status, education and income will affect how consumers perceive the need, benefits and affordability of life insurance (Sujith & Shameerdas, 2021). For instance, Beck and Webb (2003) point out that, for example, income and education have a large effect on life insurance consumption, so that higher income people view life insurance as a wealth protection tool, while lower income people view it as a financial burden. The life insurance is also influenced by age. Gautam and Kumar (2012) argue that life insurance is essential for the old people to ensure their financial future and protect their families while younger consumers are not so interested and aware of life insurance. Secondly, consumer attitudes are dependent on income level; upper class individuals see life insurance as a form of wealth accumulation, while lower class citizens have competing financial burdens. Higher educational attainment is seen to be associated with higher value of life insurance products for the long-term financial security in comparison to those with lower educational qualifications (Gautam & Kumar, 2012). Consumer attitudes are greatly affected by occupation. By and large, people in stable career positions, who have a steady income and for whom it will take longer to save for retirement, tend to consider life insurance as a part of their longer-term financial planning while those in less stable or informal employment may not feel that acquiring life insurance is a priority at this point in time. Research on rural populations also supports these findings as the attitudes toward life insurance are affected by factors such as age, income and education. Life insurance is viewed by older individuals residing in rural areas as a critical safety net for their families and by younger individuals, other financial needs (Reddy & Jahangir, 2015). Finally, demographic factors, including age, gender, education, marital status, and income, all have a major effect on the consumer attitudes towards life insurance. The factors mentioned above offer useful information regarding the perception of the need and benefits of life insurance for diverse demographic groups which ultimately influence the purchasing decisions and market dynamics. The second hypothesis of this review is based on above arguments, it is possible to conclude that demographic factors have a strong impact on consumer attitude.

H₂: Demographic factors significantly influence consumer attitudes towards life insurance in Sri Lanka.

2.5. The Relationship between Economic Factors and Consumer Attitude

Economic factors influence the consumption of life insurance in most cases. As stated by Beck and Webb (2003), unemployment rates, GDP per capita, and income levels are some of the factors that have a high impact on individuals' decision to buy life insurance. Higher income levels usually lead people to associate into more disposable income, and hence, the life insurance premiums become cheaper. Also, stability and economic growth contribute to consumer confidence in long term financial planning and purchase of life insurance policies. While in their research they try to clarify which are the cross-country differences in life insurance consumption and what matters to enhance the demand for the financial protection products, they stress the role played by economic prosperity. Similarly, Gautam and Kumar (2012) suggest that the consumer trust in life insurance and the general economic conditions are positively related. Under conditions of economic expansion and stability, people are more inclined to consider life insurance as a tactical means of hedging against monetary risks and uncertainties. Consumers' perception of life insurance is also influenced by the state of the economy apart from their purchasing power. As customers are usually more stable financially, during such times, they tend to be more assured of paying for insurance products that they perceive as the need of the hour. Nevertheless, attitudes toward life insurance are different in different economic and geographic contexts. Reddy and Jahangir (2015) emphasize that urban and rural markets differ significantly with respect to lower income levels, economic volatility and consequently, with the use of life insurance products. This implies that regional economic stability significantly matters to the level of consumer trust and willingness to purchase life insurance. To effectively customize products and marketing strategies across a number of consumer segments and market environments, insurers must keep a very sophisticated understanding of economic and demographic dynamics. Based on the above arguments, it is possible to conclude that economic factors significantly influence consumer attitude, as the third hypothesis of this review.

H₃: Economic factors significantly influence consumer attitudes towards life insurance in Sri Lanka.

Hence, based on the reviewed literature, the researcher proposes a conceptual model that shows the relationship between factors and consumer attitudes toward life insurance.

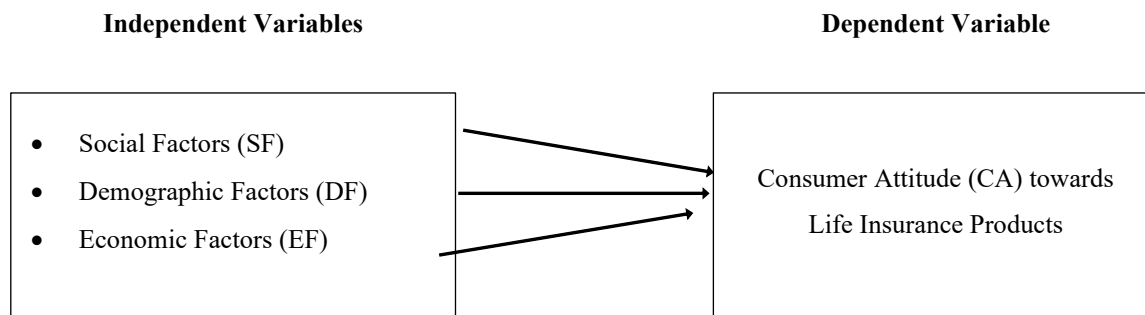


Figure 1
Conceptual Framework
Source: Researcher constructed, 2024

3. METHODOLOGY

3.1. Research Approach

This study investigates the influence of social, demographic, and economic factors on consumer attitudes toward life insurance in Sri Lanka. A quantitative research approach was adopted to this end such that these relationships could be analysed systematically and objective, data driven conclusions obtained.

As a positivist research philosophy, the study takes a deductive research strategy that allows the testing of hypotheses based on existing theories and empirical literature. Structured questionnaire was developed to collect primary data of respondents' perception through a five-point Likert scale from strongly disagree to strongly agree. The survey items were developed from a comprehensive literature review to be content relevant and construct valid.

This allowed the analysis of correlations and trends between independent variables and consumer attitudes from the collected data. IBM SPSS version 26 was used for analysis and the patterns underlying were detected and how different socio economic and demographic factors influence consumer behavior. The insights from the findings are actionable for the insurance providers in developing targeted marketing strategies based on the special needs of the different consumer segments. The academic understanding of consumer attitudes is improved through this approach and there is practical value to the Sri Lankan insurance sector.

3.2. Population, Sample Size, and Sampling Technique

This study targets the life insurance policy holders in Sri Lanka. The number of active life insurance policyholders in Sri Lanka was approximately 3,930,976 as per the Insurance Regulatory Commission of Sri Lanka (IRCSL, 2023). Since it is not possible to study an entire population, a statistically representative sample was selected.

Andrew Fisher's formula is widely known for its applicability in large population studies and its ability to provide statistically valid results under resource constraints (Jung, 2014). According to this calculation, 121 respondents will be a sufficient sample to meet the study's objectives.

Participant selection was done by convenience sampling technique due to access and time efficiency. However, this non-probability sampling method may restrict generalizability but this is the appropriate sampling method for exploratory studies when random sampling is not possible. The reliability and validity of the instrument was confirmed through a pilot test conducted prior to full scale data collection and this ensures that the data used for analysis is of high quality and robust.

3.3. Operationalization

Table 1 Operationalization

Variable	Indicators	Questions	Literature
Consumer Attitude	Believing life insurance is a valuable investment for the future. Life insurance as a financial security. Life insurance is a benefit for families. Insured trust in companies. Cost of life insurance.	06	(Chowdhury et. al., 2007) (Nekmahmud et. al., 2017) (Basak, 2021) (Chowdhury et. al., 2007)
Demographic Factors	Age Gender Educational level Marital Status	04	(Gautam & Kumar, 2012)
Social Factors	No. of dependents and family status Family and friends' recommendation Social media Cultural beliefs	04	(Gangadevi & Lakshmi, 2020) (Chowdhury et. al., 2007) (Brucker , 2022) (Ghai & Vaish, 2023)
Economic Factors	Income Level of consumers Cost of life policies Job status and job security Financial knowledge Life insurance provides cash when it's needed most.	06	(Chowdhury et. al., 2007) (Suthakar & Ragunathan, 2023) (Maharani et. al., 2022) (Nekmahmud et. al., 2017)

Source: Survey Data, 2024

4. RESULTS AND DISCUSSION

Andrew Fisher's formula was used to determine the sample size of 121 life insurance policy holders, and the data were collected. Among the respondents 57.9% were female and 42.1% were male. The 25–30 age group had the largest proportion of participants (34.7%) and the 31–40 age group had 24.8%. These findings indicate that those in these age brackets are more likely to place life insurance on their financial planning bucket list. On the subject of employment status, 57.9 percent of respondents were employed and 42.1 percent self-employed, so that the sample is balanced with respect to income generating people

4.1. Normality of the Data

Skewness and kurtosis ranges of –2 to +2 are generally acceptable for assuming normality in social science research (George & Mallery, 2010; Trochim & Donnelly, 2001; Field, 2009; Gravetter & Wallnau, 2013). While a more conservative threshold of –1 to 1 has been sometimes recommended, particularly for more stringent statistical analysis, values in the wide range are generally acceptable for most purposes. The skewness value of –1.008 and kurtosis value of 1.498 are within the acceptable limits and the data is approximately normally distributed and can be used for parametric statistical analysis.

4.2. Reliability of Data

According to Field (2009), a Cronbach's Alpha value above 0.70 is considered an acceptable internal consistency. This criterion was also met by all constructs in the present study since they all had sufficient internal reliability. In particular, the Cronbach's Alpha was 0.710 for the consumer attitude variable. The Cronbach's Alpha values for the independent variables were 0.704 for demographic factors, 0.731 for social factors and 0.830 for economic factors. Since all values are greater than 0.70, the measurement instrument is

reliable and has a good level of internal consistency, which supports the credibility of the results of the survey.

4.3. Validity of Data

Kaiser-Meyer-Olkin (KMO) Test and Bartlett's Test of Sphericity are widely used to test for sampling adequacy and suitability of data for factor analysis. A KMO value above 0.70 is considered acceptable according to Kaiser (1974), and values closer to 1 mean a higher sampling adequacy. The KMO values for all variables exceeded the minimum acceptable threshold of 0.50 and values reported were 0.759 for the dependent variable and 0.707, 0.742, and 0.849 for the independent variables. These results indicate that a sufficient sample size was used for factor analysis. Moreover, the Bartlett's Test of Sphericity was statistically significant ($p < 0.05$) for all variables, which means that the correlation matrices are not identity matrices. Since there are enough correlations among the variables, it is justified to apply factor analysis (Bartlett, 1950).

4.4. Multicollinearity of Data

Multicollinearity was examined based on Tolerance and Variance Inflation Factor (VIF) values. The results indicated that there was no excessive correlation between the independent variables as all the tolerance values were greater than 0.25 and all the VIF values were less than 4 and hence no multicollinearity.

4.5. Correlation Analysis

Pearson's correlation analysis was conducted to examine relationships between variables.

Table 2 Correlation Analysis

	Pearson Correlation	Significance	Relationship
Demographic Factors	.441	.000	Moderate relationship
Social Factors	.412	.000	Moderate relationship
Economic Factors	.449	.000	Moderate relationship

Source: Survey Data, 2024

Pearson correlation coefficient between consumer attitude and demographic factors was 0.441, which is moderate positive. This suggests that when demographic factors improve, so does consumer attitude toward life insurance. The correlation between consumer attitude and social factors was 0.412, which was also a moderate positive and statistically significant relationship. For the economic factors, Pearson correlation was 0.449, which further proves a moderate positive association with consumer attitude. The three independent variables are all statistically significant positively correlated with the dependent variable ($p < 0.001$), implying that increases in demographic, social, and economic factors are always associated with more favorable consumer attitudes towards the life insurance and therefore the results confirm these relationships.

4.6. Regression Analysis

To assess the extent to which the independent variables; demographic, social and economic factors, predict consumer attitudes for life insurance, multiple regression analysis was performed.

Table 3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.526 ^a	.463	.398	.32331

a. Predictors: (Constant), Economic Factors Average, Social Factors Average, Demographic Factors Average
b. Dependent Variable: Consumer Attitude Average

Source: Survey Data, 2024

The output of the regression shows that the R^2 is 0.463, which implies that the independent variables (social, demographic and economic factors) explain approximately 46.3% of the variance in consumer attitudes towards life insurance. This implies that these three factors combined explain a moderate amount of the variation in consumer attitudes, and the remaining 53.7 percent of variation may be affected by other unmeasured factors not included in the model.

Table 4

ANOVA Table

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.595	3	7.532	131.120	.000 ^b
	Residual	22.578	117	.193		
	Total	30.173	120			

a. Predictors: (Constant), Economic Factors Average, Social Factors Average, Demographic Factors Average
b. Dependent Variable: Consumer Attitude Average

Source: Survey Data, 2024

The ANOVA F statistic value of 131.120 shows that the overall regression model is statistically significant and accounts for a large amount of variance in the dependent variable compared to variance that is unexplained. This shows that the combined effect of the independent variables; demographic, social and economic factors meaningfully contribute in predicting the attitude of the consumer towards life insurance.

Table 5

Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.454	.340		6.074	.000
	Demographic Factors	.515	.102	.220	1.927	.000
	Social Factors	.147	.090	.185	1.755	.000
	Economic Factors	.184	.115	.175	1.386	.000

a. Predictors: (Constant), Economic Factors Average, Social Factors Average, Demographic Factors Average
b. Dependent Variable: Consumer Attitude Average

Source: Survey Data, 2024

The constant of 0.454 in the regression model is the baseline level of consumer attitude, when all independent variables are at 0. This constant is statistically significant and makes a significant contribution to the model since its p value is less than 0.05. Moreover, the significance levels ($p < 0.05$) for all independent variables indicate that all the independent variables have a statistically significant effect on consumer attitude.

Demographic factors are found to have a strong and significant relationship with consumer attitude. In particular, as demographic factors increase by 1 unit, consumer attitude towards life insurance products increases by 0.515 units. Likewise, the social factors also have a great impact as it has a regression coefficient of 0.147, which means that a one unit increase in social factors will result to a 0.147 unit increase in consumer attitude. There are economic factors as well, with a coefficient of 0.184: a one unit increase in economic factors causes a 0.184 units increase in consumer attitude.

The results of these findings indicate that all three independent variables (demographic, social and economic factors) are significant predictors of consumer attitude towards life insurance. Because all p values are less than 0.05, the null hypotheses are rejected and the conclusion is that each variable has a positive and statistically significant impact. The final regression equation obtained from the analysis is:

$$CA = 0.454 + 0.515(DF) + 0.147(SF) + 0.184(EF)$$

All the proposed hypotheses were supported based on the outcomes of both the correlation and regression analyses.

5. CONCLUSION

5.1. Discussion of the Findings

In examining consumer attitudes toward life insurance products in Sri Lanka, this study focused on three key variables derived from prior research: demographic factors, social factors, and economic factors.

Social Factors: The influence of the social factors such as family and friends' recommendations, social media, and cultural norms on the consumer attitudes was assessed. Previous studies have mainly shown a positive relationship between social factors and consumer attitudes (Viswanathan et al., 2020; Cai et al, 2015; Durmaz, 2014). Nevertheless, Zhuang et al. (2021) have found negative relationships. The results of the present study show that there exists a moderate positive relationship between social factors and consumer attitudes toward life insurance products.

Demographic Factors: Relationship between age, gender, marital status and level of education of consumers and consumer attitudes was studied under demographic factors. Several other studies have shown positive correlations of demographic variables with consumer attitudes (Sujith & Shameerdas, 2021; Beck & Webb, 2003; Gautam & Kumar, 2012; Reddy & Jahangir, 2015) and other have shown negative correlations (Curvelo et al., 2019). As is true for most of the existing literature, this study also found a moderate positive relationship between demographic factors and consumer attitudes.

Economic Factors: This study also looked into economic factors such as income level, job security, financial knowledge and perceptions of life security. However, many researchers have found a positive link between economic variables and consumer attitudes (Beck & Webb, 2003; Gautam & Kumar, 2012; Reddy & Jahangir, 2015; Suthakar & Ragunathan, 2023; Chowdhury et al., 2007) . As was the case with the majority of the literature, the current study found a moderate positive relationship between economic factors and consumers' attitudes towards life insurance.

5.2. Recommendations

Based on the study's findings, which revealed a moderate positive relationship between consumer attitude and the variables of demographic, social, and economic factors, several strategic recommendations can be made for the life insurance industry in Sri Lanka to enhance consumer engagement and perception:

I. Segment Marketing Campaigns:

The presence of strong relationship between demographic factors (age, gender, education level and marital status) and consumer attitude suggests that the life insurance companies are encouraged to adopt a targeted marketing strategy. Insurers can then segment them according to these variables and run campaigns that resonate even more effectively with specific consumer groups.

II. Conduct Awareness and Education Programs:

An educational level positive correlation with the consumer attitude implies the necessity to propagate financial literacy and insurance awareness. The insurance companies should conduct community-based seminars, workshops and digital awareness campaigns to educate the customers what is the benefits and why it is important to take life insurance.

III. Leverage Family and Social Networks:

Peer influence, such as spending time with family or friends, is a major role in attitude shaping for companies and therefore referral programs can help. Incentives to existing policyholders for successful referrals can enrich outreach to close social circles and increase trust in insurance products.

IV. Use Influencers and Cultural Testimonials:

Given the influence of cultural norms on consumer attitudes, it is recommended to engage community leaders, religious figures, and social influencers in promotional efforts. Incentives to existing policyholders for successful referrals can enrich outreach to close social circles and increase trust in insurance products.

V. Provide Flexible Payment Plans:

Many probable policyholders give great thought to their economic constraints. Reduced initial payments, tailored instalment plans, and grace periods among flexible premium options will help to remove financial obstacles and improve the apparent affordability of life insurance products.

VI. Offer Bundled Discounts for Multi-Policy Purchases:

Insurance companies should reconsider providing discounts on combined insurance packages—that is, combining life insurance with health or property coverage—to influence consumer attitude. Appealing to consumers who are financially sensitive, such packages offer extra value and cost savings. Based on empirical data, these strategic suggestions can help life insurance companies improve engagement with consumers, market penetration, and general consumer trust in life insurance products.

5.3. Limitations of the Research

With a sample of 121 respondents though statistically sufficient for analysis, this study may not fairly represent the general population of life insurance consumers in Sri Lanka. The rather small sample size could have limited the diversity of responses, so influencing the generalizability of the results. Time restrictions faced during the research process caused this restriction mostly.

The sample's geographic coverage was also limited and did not cover all of Sri Lanka. As such, regions with unique socioeconomic and cultural traits could have been underrepresented or completely excluded. This geographical restriction may limit the applicability of the results of the study to the national setting since regional variations in consumer attitudes and behaviors could not be totally reflected.

The use of self-administered questionnaires as the primary data collection instrument has inherent limitations. Respondents may have given socially desired replies, resulting in response bias. Furthermore, surveys are limited in their ability to investigate complicated and subtle phenomena, such as the varied character of consumer opinions regarding life insurance. As a result, the survey may not completely reveal the more profound causes or contextual factors that shape consumer viewpoints.

5.4. Future Research Intentions

To improve the generalizability and robustness of future research, prospective studies should use a larger sample size. Due to time constraints, the current study was limited to 121 responses, which may not sufficiently reflect Sri Lanka's population diversity. Expanding the sample size would allow researchers to gain more reliable and representative insights into consumer views, allowing for more in-depth examination across diverse demographic and geographic groups. This greater reach would make it easier to identify intricate patterns and trends that smaller samples may not reveal.

Furthermore, while this study focused primarily on the impact of demographic, social, and economic aspects on consumer attitudes toward life insurance, future research should include alternative relevant aspects. Psychological characteristics such as risk tolerance, trust in insurance providers, and emotional drives all play an important role in shaping consumer attitudes and should be investigated further. Furthermore, as the insurance sector embraces digital transformation, technology literacy, specifically consumer familiarity with digital platforms and online tools, has become an important factor in the acceptance of life insurance products. Incorporating these aspects into future studies would provide a more complete picture of the multifaceted nature of consumer decision-making in this particular field.

REFERENCE

- Basak, S. (2021). Factors affecting policyholders' satisfaction towards life insurance: An empirical study on life insurance policyholders in Bangladesh. *International Journal of Advanced Engineering, Management and Science*, 7(4), 7–14. <https://doi.org/10.22161/ijaems.74.2>
- Beck, T., & Webb, I. (2003). Economic, demographic, and institutional determinants of life insurance consumption across countries. *The World Bank Economic Review*, 17(1), 51–88.
- Bista, M. B., & Upadhyay, H. P. (2023). Factors affecting purchase decision of life insurance policy of customer in Chitwan. *International Journal of Silkroad Institute of Research and Training*, 1(2), 101–105.
- Brucker, K. B. (2022). *Social media marketing and insurance: An analysis of the impact of social media marketing on small independent brokerages of property and casualty insurance* (University Honors Thesis, Portland State University). PDXScholar. <https://doi.org/10.15760/honors.1258>

- Cai, J., de Janvry, A., & Sadoulet, E. (2015). Social networks and the decision to insure. *American Economic Journal: Applied Economics*, 7(2), 81–108. <https://doi.org/10.1257/app.20130302>
- Chowdhury, T. A., Rahman, M. I., & Afza, S. R. (2007). Perceptions of the customers towards insurance companies in Bangladesh: A study based on the SERVQUAL model. *BRAC University Journal*, 4(2), 55–66.
- Curvelo, I., Watanabe, E., & Alfinito, S. (2019). Purchase intention of organic food under the influence of attributes, consumer trust and perceived value. *Revista de Gestão*, 26(4), 349–365. <https://doi.org/10.1108/REGE-01-2018-0010>
- Durmaz, Y. (2014). The impact of psychological factors on consumer buying behavior and an empirical application in Turkey. *Asian Social Science*, 10(6), 194–207. <https://doi.org/10.5539/ass.v10n6p194>
- Field, E. (2009). Educational debt burden and career choice: Evidence from a financial aid experiment at NYU Law School. *American Economic Journal: Applied Economics*, 1(1), 1–21. <https://doi.org/10.1257/app.1.1.1>
- Gangadevi, T., & Lakshmi, P. (2020). Customer attitude and satisfaction towards investment in life insurance with special reference to Ernakulam city. *EPRA International Journal of Multidisciplinary Research (IJMR)*, 2455–3662.
- Gautam, V., & Kumar, M. (2012). A study on attitudes of Indian consumers towards insurance services. *Management Research and Practice*, 4(1), 51–62.
- George, D., & Mallery, P. (2010). *SPSS for Windows step by step: A simple guide and reference, 17.0 update* (10th ed.). Allyn & Bacon.
- Ghai, R. K., & Vaish, D. (2023). Buyers' perception towards life insurance policies offered in insurance industry: A study. *Management Journal for Advanced Research*, 3(2), 12–23. <https://doi.org/10.54741/mjar.3.2.2>
- Gravetter, F. J., & Wallnau, L. B. (2013). *Statistics for the behavioral sciences* (9th ed.). Wadsworth Cengage Learning.
- Insurance Regulatory Commission of Sri Lanka. (2023). *Annual report 2023*. Insurance Regulatory Commission of Sri Lanka.
- Jain, D., & Talach, K. (2012). A study of factors influencing consumer choice of life insurance products. *IJMRS's International Journal of Management Sciences*, 1(2), 11–21.
- Jung, S. H. (2014). Stratified Fisher's exact test and its sample size calculation. *Biometrical Journal*, 56(1), 129–140. <https://doi.org/10.1002/bimj.201200227>
- Kotler, P., Hessekiel, D., & Lee, N. R. (2012). *Good works!: Marketing and corporate initiatives that build a better world... and the bottom line*. John Wiley & Sons.
- Lakhani, J. A. D. S., & Napagoda, N. A. D. N. (2021). An empirical study for life insurances: A case study of Piliyandala region. *International Journal of Engineering Applied Sciences and Technology*, 5(1), 72–76. <https://doi.org/10.33564/IJEAST.2021.v05i01.011>
- Maharani, D., Cahyanti, M. I., & Dwinata, Y. E. S. (2022, September 13–15). The influence of financial literacy, risk aversion, and persuasion on insurance demand. In *Proceedings of the 3rd Asia Pacific International Conference on Industrial Engineering and Operations Management* (pp. 4094–4103). Johor Bahru, Malaysia: IEOM Society International.
- Ncheema, M. (2021). *Consumer attitudes towards insurance products: An assessment of life insurance products in Zambia* (Doctoral dissertation, Cavendish University). Cavendish University.
- Nekmahmud, M., Shahedul, A. S. M., & Rahman, M. F. (2017). Measuring people's attitude towards the life insurance in Rangpur City Corporation in Bangladesh. *International Journal of Economics & Management Sciences*, 6(2), 1–5. <https://doi.org/10.4172/2162-6359.1000413>
- Reddy, P. R., & Jahangir, Y. (2015). Consumer buying behaviour towards life insurance products in rural market: A case study of Nalgonda District, Telangana State. *International Journal of Scientific Research*, 4(3), 51–62.
- Sujith, C., & Shameerdas, T. (2021). An overview of consumer perception towards life insurance policy. *Paripex - Indian Journal of Research*, 10(8), 66–72. <https://doi.org/10.36106/paripex>
- Suthakar, S., & Ragunathan, T. (2023). A study on customers' perception towards life insurance corporation products with reference to Chennai city. *International Journal of Professional Business Review*, 8(8), e034. <https://doi.org/10.26668/businessreview/2023.v8i8.34>

- Trochim, W. M., & Donnelly, J. P. (2001). *Research methods knowledge base* (2nd ed.). Atomic Dog Publishing.
- Valentina-Daniela, C., & Gheorghe, O. (2015). Potential buyers' attitude towards life insurance services. *Procedia Economics and Finance*, 32, 1083–1087.
- Viswanathan, P., Singh, A. B., & Gupta, G. (2020). The role of social influence and e-service quality in impacting loyalty for online life insurance: A SEM-based study. *International Journal of Business Excellence*, 20(3), 322–337.
- Zhuang, W., Luo, X., & Riaz, M. (2021). On the factors influencing green purchase intention: A meta-analysis approach. *Frontiers in Psychology*, 12, 644020. <https://doi.org/10.3389/fpsyg.2021.644020>