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# The Landscape of Microinsurance in Sri Lanka 2016

[www.worldmapofmicroinsurance.org](http://www.worldmapofmicroinsurance.org)

Study carried out by



The Microinsurance Network is funded by the Government of Luxembourg



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG

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The quantitative information presented in this paper does not represent an absolute number of products, clients or other data. Rather, this paper reports what the team was able to identify as microinsurance.

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The Microinsurance Network is a platform of over 300 microinsurance experts, from over 40 countries, dedicated to promoting access to valuable microinsurance to low-income populations.

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## Abbreviations

<b>AAIB</b>	Agriculture and Agrarian Insurance Board
<b>ACCDC</b>	All Ceylon Community Development Council
<b>ADB</b>	Asian Development Bank
<b>ALMAO</b>	All Lanka Mutual Assurance Organization Ltd
<b>CBO</b>	Community Based Organisations
<b>FFT</b>	Food for Training
<b>FFW</b>	Food for Work
<b>GDP</b>	Gross Domestic Product
<b>GOSL</b>	Government of Sri Lanka
<b>GTZ</b>	Gesellschaft für Internationale Zusammenarbeit
<b>HDI</b>	Human Development Index
<b>IBSL</b>	Insurance Board of Sri Lanka
<b>IDP</b>	Internally Displaced People
<b>ILO</b>	International Labour Organization
<b>LKR</b>	Sri Lankan Rupee
<b>LTTE</b>	Liberation Tigers of Tamil Eelam
<b>MFI</b>	Microfinance Institutions
<b>MIN</b>	Microinsurance Network
<b>NGO</b>	Non-Governmental Organisations
<b>NITF</b>	National Insurance Trust Fund Board
<b>RII</b>	Regulation of Insurance Industry
<b>SEEDS</b>	Sarvodaya Economic Development Services Ltd
<b>TCCS</b>	Thrift and Credit Cooperative Societies
<b>UNDP</b>	United Nations Development Programme
<b>VGf</b>	Vulnerable Group Feeding

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BASIX Consulting

Study Research Team

## Forewords

Millions of people have managed to work themselves out of extreme poverty in the past decades. The potential market for insurance tailored to the needs of low-income customers continues to grow, together with the income of millions of people without access to insurance. Since 2006, when the first results from the groundbreaking study “The Landscape of Microinsurance in the World’s 100 Poorest Countries” were published, microinsurance has seen a growing interest not only from the insurance industry but also from insurance regulators and governments. Especially in the area of climate change, risk management tools for the poor based on insurance principles play an important role today.

Since 2012, annual regional landscape studies initiated by the Munich Re Foundation have provided the data underpinning the World Map of Microinsurance (WMM). The mission of the WMM project is to collect impartial data on the industry in order to reveal market potential, monitor growth, identify trends and promote innovation.

This new Landscape Study provides important new information on opportunities for and challenges faced by microinsurance in Sri Lanka. With around 7% microinsurance penetration in the country, there is still much scope for growth in reaching the low-income population. We are very proud to be an active partner of the WMM project and we would like to thank all other sponsors and partners of this study, especially the Microinsurance Network and the research team behind the study.

**Dirk Reinhard,**  
Vice Chairman  
Munich Re Foundation

Before you, is the latest microinsurance landscape report supported by the Munich Re Foundation (MRF) and the Microinsurance Network. Landscape studies have become a recognised support service to the members of the Network and other stakeholders. In fact, the landscape studies and the World Map of Microinsurance are two of the more appreciated knowledge sharing instruments of the Network used by both members and non-members. They are often an entry point for many who want to start or expand a microinsurance portfolio. Both knowledge sharing instruments provide reliable and usable data, which is needed to support the development of the microinsurance sector. After all, access to data generates market knowledge, facilitates market development, furthers best practices and leads to better products and services.

Each year since 2012, the Network and MRF have issued a new version of a landscape study, each time covering another continent. In 2015 for instance, the two organisations contracted the MicroInsurance Centre to map the microinsurance landscape for Africa, with co-funding by the MRF, Making Finance Work for Africa, and BMZ/GIZ. This year, the landscape study is different from the previous ones, as it is a study reduced in scope which covers Sri Lanka and an additional separate publication that maps the microinsurance activities of Mobile Network Operators (MNOs) in Asia. The 2017 microinsurance landscape study, however, will cover again an entire continent: Latin America and the Caribbean.

The microinsurance landscape of Sri Lanka shows that the informal microinsurance sector still plays a big role in reaching out to the low income segment, but that substantial opportunities exists for the formal insurance sector to scale up, provided some of the barriers such as consumer education and regulation can be overcome.

**Henk van Oosterhout,**  
Interim Executive Director  
Microinsurance Network

## Executive summary

This report provides an analysis of the microinsurance sector in Sri Lanka with related data to the years 2013 till 2015.

Microinsurance in Sri Lanka initially started as a service to support the microfinance sector, focusing on providing loan protection, insurance and life savings. The insurance business extended their services to provide welfare and health products to low-income people.

With almost 24% of the population living on less than USD 2 a day (World Bank Statistics, 2015), it was found that health is the largest risk faced by poor households, followed by property risk, which came as a consequence of the tsunami that hit the country in 2004.

Microinsurance policies issued (1.46 million) reached 6.9% of the total population in 2015. There are also a number of social security services in the country, including those provided by the government and the informal sector. The majority of these are however fragmented and provide inadequate benefits.

The increase in microinsurance policies in 2015 can be attributed to personal accident cover, where life and personal accident both accounted for almost 98% of the microinsurance covers. The reported negligible proportion of health covers is primarily because it is provided as a secondary, add-on cover to other products.

There are no special regulatory provisions in Sri Lanka for microinsurance<sup>1</sup> and a number of informal microinsurance schemes operate outside the insurance law. Furthermore, the Regulation of the Industry Act does not include any provision on the regulation and supervision of mutual insurance companies. A few NGOs provide microinsurance services to poor households at affordable prices but operate outside the insurance law.<sup>2</sup>

<sup>1</sup> Wiedmaier-Pfister M. & Wohlner E., 2014. *Microinsurance Sector Study Sri Lanka*. Division 41, Financial Systems Development, GIZ on behalf of BMZ.

<sup>2</sup> Developing the Microinsurance Sector in Sri Lanka. 2010. *Social protection project briefs*, Asian Development Bank.

# The microinsurance industry in Sri Lanka

A major consideration during the assignment was what insurers or respondents believe is “microinsurance”. Although the project applies a clear definition of microinsurance and measures for counting policyholders and covered lives, this definition may or may not correspond exactly to that used by an insuring entity or the government in a jurisdiction. Thus data generated may not comply exactly with the definition put forth: Our effort was focused on collecting microinsurance data related to those considered low-income and thus the data presented in this study reflects those which could be identified as covered by microinsurance policies.

The insurance industry is regulated and supervised by the Insurance Board of Sri Lanka (IBSL) under the regulation of the Insurance Industry Act No. 43 of 2,000 (RII Act). There are no special regulatory provisions in Sri Lanka for microinsurance<sup>3</sup>. However, there are informal microinsurance schemes operating outside the insurance law. The RII Act does not include any provision on the regulation and supervision of mutual insurance companies. While several insurers registered under the RII Act are offering microinsurance products, these products do not include any survival benefits to policyholders. A few NGOs provide microinsurance services to poor households at affordable prices but operate outside the insurance law.<sup>4</sup>

Microinsurance in Sri Lanka started as a service to support the microfinance sector, initially focusing on providing loan protection insurance and life savings. Eventually, this developed and provided wider range of insurance services extending to welfare and health products. Recently, commercial insurance companies started to operate microinsurance businesses.<sup>5</sup>

**TABLE 1**  
**THE SRI LANKA MICROINSURANCE INDUSTRY IN NUMBERS IN 2015**

<b>Microinsurance Gross Written Premium reported</b>	USD 16 million
<b>General Insurance industry Gross Written Premium reported</b>	USD 465 million
<b>Share of MI premium with respect to general insurance industry premium</b>	3.4 %
<b>MI policies issued as a percentage of total population</b>	6.9%
<b>MI policies issued</b>	1.462 million
Life	0.59 million
Personal accident (PA)	0.84 million
Property	0.012 million
Agriculture	0.011 million
Livestock	0.006 million
Health	Not applicable

## Methodology

The information presented in this report was gathered through both primary and secondary research, with the aim to cover all microinsurance products offered in Sri Lanka. The team attempted to identify as many microinsurers and products as possible, along with delivery channels, regulations, social security schemes, and donor interventions.

The primary modes of data collection were surveys and interviews<sup>6</sup>. The responses were pursued through field visits and communication through emails. The survey asked a variety of questions about the organisation, the products, and the organisation’s thoughts on expansion factors, issues with the current market status and current regulatory framework. Key quantitative data requested included information on premiums received in 2013, 2014 and 2015, as well as

lives and property covered at the end of each of those years. The lead consultant conducted the interviews with the microinsurance providers. Interviews served several purposes: They enabled the establishment of a relationship with the organisations, the gathering of answers and clarification of survey questions, and they helped establish a better understanding of the country’s microinsurance market and stakeholders. The persons interviewed included CEOs, general managers, or whoever was the most knowledgeable about the organisation’s microinsurance operations.

<sup>3</sup> Wiedmaier-Pfister M. & Wohlner E., 2014. *Microinsurance Sector Study Sri Lanka*. Division 41, Financial Systems Development, GIZ on behalf of BMZ.

<sup>4</sup> Developing the Microinsurance Sector in Sri Lanka. 2010. *Social protection project briefs*, Asian Development Bank.

<sup>5</sup> Idem.

<sup>6</sup> Data was provided voluntarily by insurers in response to a formal survey. Not all insurers participated. Insurers were provided a promise of anonymity of their data.



## Overview of the insurance industry provided by the Insurance Board of Sri Lanka<sup>7</sup>

Regulatory Body	Insurance Board of Sri Lanka (IBSL)
<b>Minimum capital requirement for insurance license</b>	LKR 500 million (USD 3.39 million) as per the new directive. The Risk Based Capital concept has been introduced in January 2016.
<b>On-going capital requirements</b>	LKR 500 million (USD 3.39 million) as per the new directive. The Risk Based Capital concept has been introduced in January 2016.
<b>Number and value of regulated private insurers</b>	30 companies; 12 companies carrying long term insurance business, 15 companies in general insurance business and 3 composite insurers. At present, the directive issued in September 2015 does not allow composite insurance companies. These have to segregate their business into life or general by registering separate entities with the regulator.
<b>Registered insurance brokers</b>	58 insurance brokers; 39 in both long term and general insurance while 19 companies only in general insurance brokering business.
<b>Insurance agents</b>	45,429
<b>Unregulated insurance organisations</b>	For example YASIRU, Sarvodaya Economic Enterprise Development Services (SEEDS)
<b>National reinsurer</b>	National Insurance Trust Fund (NITF) <ul style="list-style-type: none"> <li>- There is a government ruling and gazette notification which is compulsory, citing that all primary insurance has to cede 30% of their total liability with the NITF reinsurance division.</li> <li>- Recently NITF has issued a national level policy to the Government of Sri Lanka covering all citizens for the natural and catastrophic covers. The limit for each household is around SLK 2.5 million (USD 20,000).</li> </ul>
<b>Social security/Government programmes</b>	<ul style="list-style-type: none"> <li>- Agriculture and Agrarian Board of Sri Lanka (covering 700,000 farmers for crop insurance)</li> <li>- Sri Lanka Social Security Board (provides unorganized sector pension – 500,000 members)</li> <li>- Devanaguma Development (Samurdhi Authority) – manages direct cash benefit and social security programme (1.42 million households)</li> </ul>
<b>Microfinance Institutions</b>	<ul style="list-style-type: none"> <li>- At present, few MFIs are having group policies with the insurers for safeguarding their portfolios as a form of credit protection plan.</li> <li>- HNB Grameen MFI works in collaboration with HNB life; Berindina MFI works in partnership with SANASA Insurance; and LOLC MFI works in partnership with LOLC.</li> <li>- Many of the MFIs are charging 0.6% to 1% of the loan disbursed as fee. With these funds, they are managing the programme and waiving off the loan in case of customer or spouse death. Some of them are even providing a funeral benefit ranging from 7,500 to 10,000 SLK (from USD 51 to USD 68)</li> </ul>
<b>Informal insurance coverage</b>	<ul style="list-style-type: none"> <li>- The MFI sector itself has around 1.2 million customers. If spouse coverage at 80% is taken into account, the total number of members covered under the MFI loan protection programme would be around 2 million.</li> <li>- The agrarian board and social security board has covered around 1.2 million clients.</li> <li>- Samurdhi is covering 1.42 million households which translates to around 3 million members.</li> </ul>

## Insurance penetration

In Sri Lanka there are 30 licensed insurance companies in operation: 12 companies carrying long term insurance business, 15 companies in general insurance business and 3 composite insurers. The study is based on received responses

from nine providers in the country. It has to be noted that recorded penetration of microinsurance would have been higher when taking into account the presence of unregulated providers in the market. Insurance penetration reflects insurance

premium as a percentage of the GDP. In 2015, total industry premium was 1.09% of GDP and recorded a growth of 8% compared to 2014<sup>8,9</sup>.

<sup>7</sup> <http://www.ibsl.gov.lk/insurance-sector/overview-of-insurance-industry.html>

<sup>8</sup> Insurance Board of Sri Lanka. Annual Report 2015.

<sup>9</sup> Insurance penetration is defined as the total insurance premiums expressed as a percentage of the national GDP and thus, measures the level of risk awareness of the population and significance of insurance in the economy. Insurance density indicates how much each inhabitant of a country spends each year for insurance services and so is a measure of the maturity of the industry in the economy.

Insurance density reflects the premium income per person and amounted to LKR 5,838 (USD 34) in 2015 (which is very low compared to the per capita income which is USD 2,835). Insurance density has grown by 15% in 2015 compared to LKR 5,074 recorded in 2014. This growth was due to increased premium income against the insignificant growth in the population. General insurance business also recorded a notable growth of 13.18% in year 2015 by generating Gross Written Premium (GWP) worth LKR 68,815 million (USD 465 million) compared to LKR 60,803 million (USD 411 million) generated in 2014. For microinsurance, the number of effective policies in force as a percentage of the total population reached is 6.9% in 2015.

## Growth of microinsurance

The number of registered microinsurance policies has increased sharply from 0.35 million in 2013 to 1.4 million in 2015 excluding informal coverage (see Figure 1). The maximum increase can be attributed to the personal accident cover which increased from around 0.17 million in 2013 to around 0.84 million in 2015, providing an increase of 385% (see Table 2).

**TABLE 2**  
**PERCENTAGE INCREASE IN MICROINSURANCE POLICIES BY PRODUCT TYPE**  
 (in the 2013-2015 period)

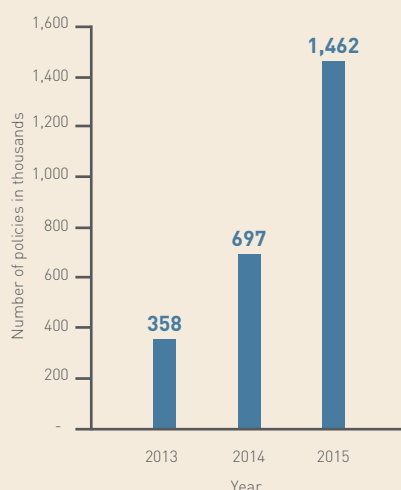
Product	Percentage increase
Life	275%
Property	20%
Livestock	39%
Personal accident	385%
Agriculture	10%
Health	Not applicable

## Microinsurance products, risk coverage and benefits

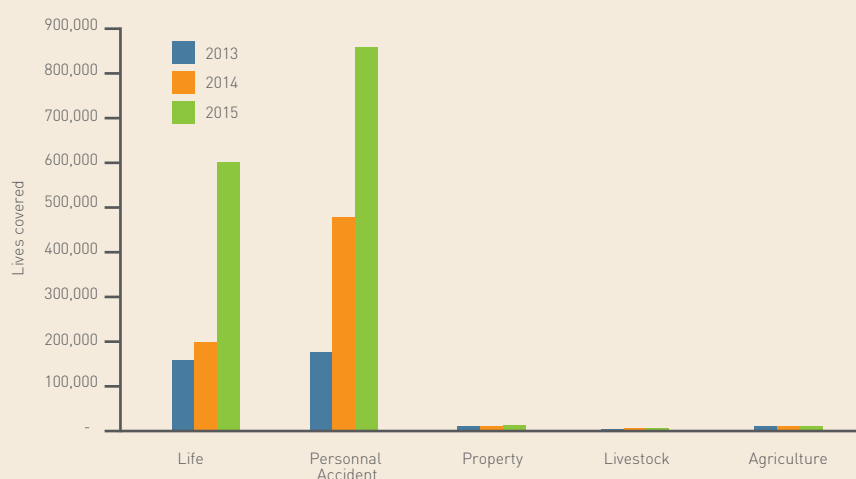
The products offered by microinsurance institutions are mainly limited to life, health, property, agriculture, personal benefit and funeral benefit insurance, with coverage of a few other risks. They mainly cover death, funeral expenses, hospitalisation, permanent disability and crop loss, while coverage on surgery, medicines, education, income loss are negligible or none. The agriculture weather insurance that covers crop damage is credit-linked. Life insurance is the most preferred policy and is designed as an all-inclusive package, with a cover on health and other related risks. Only one insurance provider in the study has a separate product on health insurance.

Just two products (life and personal accident) accounted for almost 98% of the microinsurance covers in 2015 (see Figure 2). Around 589,000 persons were covered for life and around 843,000 people were covered for personal accident. Agriculture products, with average premiums of LKS 25,500 (almost USD 170) per year (see Figure 4), are rather expensive for the low-income market, and thus appear to require subsidies to generate significant volumes. That is the reason for which the major share of agriculture microinsurance is with AAIB. The negligible proportion of health cover is primarily because it is provided as a secondary, add-on cover to other products.

**FIGURE 1**  
**NUMBER OF MICROINSURANCE POLICIES ISSUED IN THE 2013-2015 PERIOD**

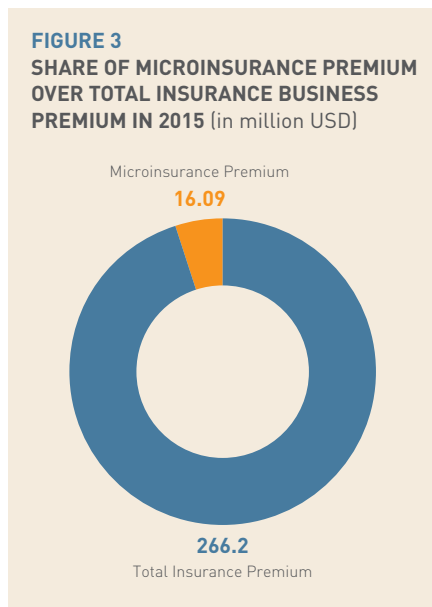


**FIGURE 2**  
**MICROINSURANCE POLICIES BY TYPE OF PRODUCT IN THE 2013-2015 PERIOD**



## Premiums

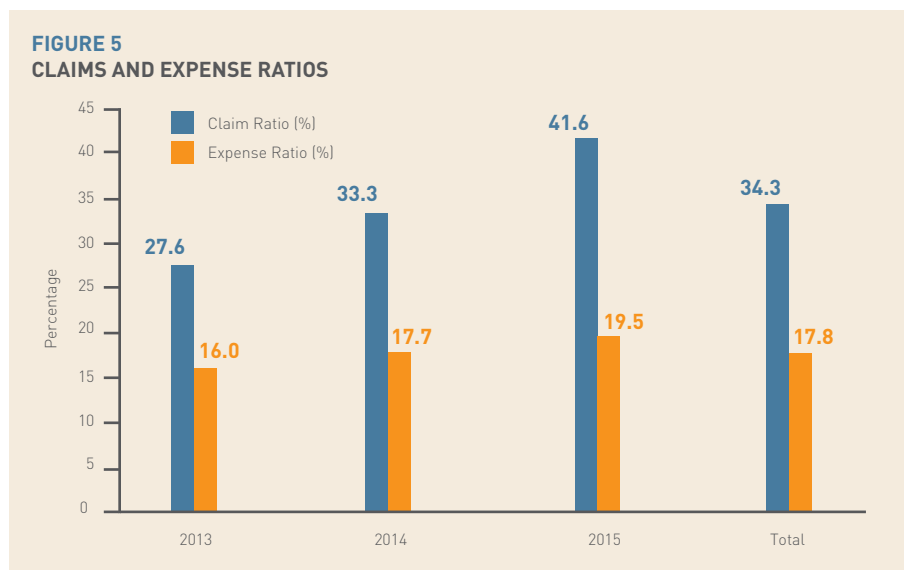
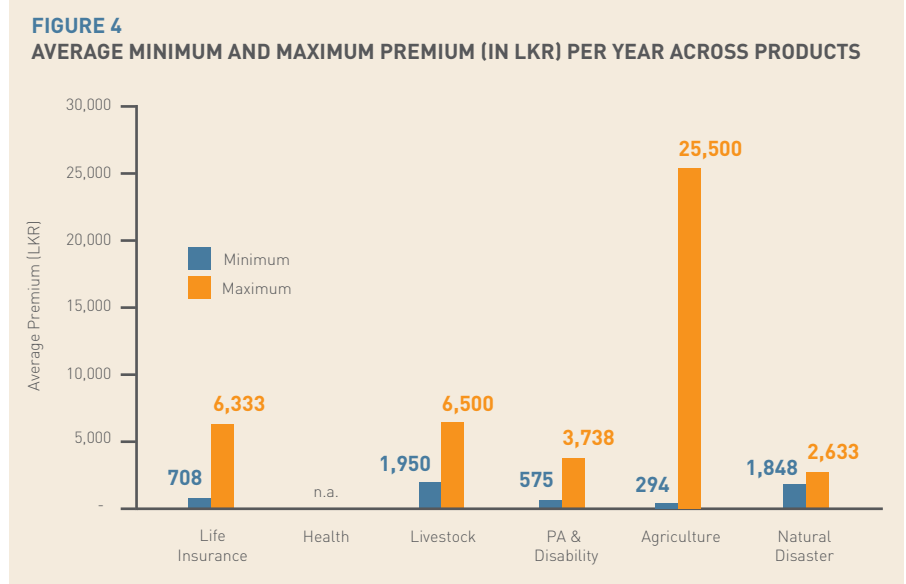
The total microinsurance written premiums in Sri Lanka amounted to almost USD 16 million in 2015. Companies that offer microinsurance, report that microinsurance gross written premium accounted for an average of 6% of their total written premium (USD 266.2 million) in 2015 (see Figure 3).



Average annual premiums ranged from USD 2 to USD 170, representing between 0.05% and 5.2% of GDP/capita (see Figure 4). Though basic covers dominate, almost half of the microinsurance products reported to this study are sold as bundled products, namely life and accident and funeral, health and life, and other combinations.

## Claims ratio

The market in Sri Lanka is almost entirely commercially driven and claims ratios across product lines have an average of about 34% (see Figure 5). Claims ratios were calculated as the value of claims paid/total premium in a particular period. High claims ratios reflect a thorough understanding of the insurance and client satisfaction (product relevance, easy



claim process etc.). This study reveals a low claims ratio, which leads to the argument that there is not much understanding about insurance and claiming mechanisms. It may also be argued that lack of health coverage, which commonly has a relatively high claims ratio, may be a reason that the claims ratio is low.

Administrative costs in Sri Lanka across all product lines accounted for about 17.76% of the premiums on an average basis. However, only few of the insurers reported that they account separately for microinsurance expenses, which makes it difficult to clearly understand the business case and profitability of microinsurance products.

## Technology

The use of technology for cost-effective transactions in microinsurance is inevitable. In order to manage the volumes of risk pools efficiently, user friendly customer interface systems are needed together with systems that can easily track, monitor, and report the results of operations. Mobile technology, for example, is a key component of front-end operations. The interviewed insurers are using mobile phones for enrolments and sales, for premium collection, as the conduit for customer service, and to facilitate claims processing and payments.

Even more critical is the type of technology used for purposes such as processing of transactions and policy management at the back office level. It is noted that paper forms and mobile technology are used evenly. Technology was more prevalent than paper in terms of premium collection and sales of policies, while call centers were more prevalent for

**TABLE 3**  
**PERCEPTION OF THE MICROINSURANCE MARKET IN SRI LANKA**  
(classified according to the majority of responses received)

<b>Strongly agree</b>
Regulations would play a key role in pushing microinsurance into rural areas to target the poor.
Low solvency requirements would make microinsurance viable.
Market research is needed to develop suitable microinsurance products.
Public-Private Partnerships (PPP) provide opportunities to expand microinsurance portfolios.
Simple policy documents are needed and in a language understood by the poor.
Past products launched in microinsurance require revision and modification based on the actual needs of the targeted population.
<b>Disagree / strongly disagree</b>
Information is available to develop suitable microinsurance products.
Government subsidies are required to lower premium levels and support the business model.
<b>Neutral</b>
It is perceived that microinsurance is profitable in the market.

customer services. Insurance interactions with mobile networks and call cen-

ters are serving to reduce administrative costs and improve customer contact.

## Delivery of microinsurance services to the poor

Microinsurance provider studies document a 'full-service model', where the insurance provider has full control over the insurance scheme. The microinsurance schemes capitalise on existing strengths of the Community-Based

Organisations (CBOs) to reach the clients, hence delivering the products at the doorstep of the poor. Since the crop product is credit-linked, it is also delivered through banking institutions, as well as through conventional agents and

community structures. The interviewed providers are strongly of the view that MFIs/NGOs and CBOs are good delivery channels. The responses received by the nine insurance providers interviewed are captured in Table 3.

## Government schemes/Social security schemes

### 1. The Samurdhi Authority

The Samurdhi Authority, under the Department of Divineguma Development in the Ministry of Social Empowerment & Welfare is involved in microinsurance. The Samurdhi Act of 1995, which has poverty elimination as its main objective, is funded by the State and around 1.42 million families receive benefits from this scheme. LKR 1,500 are provided

as dole out to the families with up to 2 members, LKR 2,500 to families of more than 2 members, and LKR 3,500 to families with more than 3 members. While providing the dole out on a monthly basis, LKR 100 per household are deducted towards the insurance cover in order to reduce the vulnerabilities of households in the event of childbirth, marriage, illness death, and in case of hospitalisation where the insurance provides payouts to the families. Furthermore, there is a

scholarship programme aimed at providing benefits for the children of the insured families. The Kerosene oil subsidy stamp card is one of the examples for assistance provided in times of crises. This is not a continued benefit, but provided only in times of a fuel price hike. In recent years this was provided in 2008 and in 2012. However, this is mostly limited to Samurdhi households and other very low-income households who do not have electricity.

## 2. The Agriculture and Agrarian Insurance Board

Natural disaster-related social protection measures in Sri Lanka include insurance programmes only for certain livelihoods. The Agriculture and Agrarian Insurance Board is a government agency under the Ministry of Agriculture, whose purpose is to offer low-income farmers (1) pension, death and disability insurance, and (2) crop and livestock insurance. Enrolments in the schemes are done individually and all bank loans are covered to 100%:

- At present 700,000 farmers are covered for crop insurance (paddy sector);
- The scheme covers 1/3 of the cultivation cost as the maximum coverage;
- The scheme covers the equipment, tractors and lorries of the farming community for the third party insurance;
- AAIB is currently in the process of introducing an index product.

However, the lack of human and physical capacity for the evaluation of risks are major barriers constraining the

programme. Although the Board has been operating for more than five decades, voluntary participation has drastically decreased. Its level of penetration among potential clients is currently less than 5%<sup>10</sup>. One of the main causes for low confidence in this scheme is the low transparency in loss assessment and underestimation in indemnity payment<sup>11</sup>. Moreover, rain-fed areas are not promoted for insurance by the AAIB whereas, rain-fed irrigated crops' contribution to total crops is 24%<sup>12</sup>. AAIB insurance products are performing as individual contracts and are indemnity-based on the individual's own yield. Usually, this type of contract suffers from asymmetric information problems such as moral hazard and adverse selection. High administrative costs are another impediment.

## 3. Other government programmes

A handful of contributory insurance programmes have been introduced by the government for some specific informal sector occupations. A contributory personal accident insurance and a contributory health insurance are available for farmers. Livelihood related contributory

insurance schemes are also introduced for farmers for crop, livestock and agricultural equipment. Recently, a boat insurance scheme and a life insurance scheme were introduced for fishermen. There is a specialised insurance scheme for migrant workers as well. However, the low coverage of the programmes has limited their effectiveness.

The national reinsurer, the National Insurance Trust Fund Board (NITF), maintains the Terrorism and Riots Insurance pool. In addition to that, NITF is also involved in the following:

- Managing the health insurance programme for government servants (around 700,000 households covered). The total outreach of the health programme is close to 2 million members.
- Managing an agriculture insurance programme for agricultural loans provided by the formal sector (as part of this programme, 40% of the loan amount is being covered under the policy and the average coverage per acre of paddy is LKR 10,000).
- Running a small programme for fishermen, covering their lives, including the permanent total disablement benefit.

## Role of Community-Based Organisations in microinsurance

Yasiru operates in 6 districts and has just fewer than 10,000 members. There is also another scheme called SEEDS (Sarvodaya Economic Development Services Ltd) that has been operating for seven years. This microfinance organisation comprises around 3,000 village societies with 300,000 savers and 150,000 borrowers. SEEDS offers loan protection

upon the death of a borrower and pays the remaining debt to the society. It additionally pays an amount equal to what the borrower already has repaid to the deceased's family/beneficiaries. In addition, there is a Women Development Fund in Hambantota district that provides microinsurance services for its members.

The key trend is to operate through partner organisations and have an ambition to grow within their respective markets. The schemes need to increase their distribution capacity quite substantially. For Yasiru, this means entering into agreements with a number of new NGOs/CBOs.<sup>13</sup>

<sup>10</sup> Heenkenda H. M. S. C. B. 2011. Demand for agricultural microinsurance in Sri Lanka. *Annual Research Journal of SLSAJ*, Vol. 11, pp. 76-83.

<sup>11</sup> Rambukwella, R.N.K., Vidanapathirana, R.P. and Somaratne, T.G., 2009. *Evaluation of Crop Insurance Scheme in Sri Lanka*, Colombo, Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI).

<sup>12</sup> <http://www.statistics.gov.lk/>

<sup>13</sup> Enarsson, S. and Wirén K., 2006. *ALMOA and Yasiru Sri Lanka*. CGAP Working Group on Microinsurance Good and Bad Practices. Case Study No. 21.

The role of CBOs, such as Yasiru, becomes important because the government does not have resources to offer sufficient social security to the citizens and the penetration of the commercial insurance industry is too limited. There

is a huge need for risk management, not only among poor people, but also in the middle and lower income classes. Through microinsurance, the private sector can cover shortcomings in the existing public and commercial sectors.

Successful microinsurance interventions will meet important needs and will also build additional and much needed long-term capital.

## Benevolent societies/Funeral societies

Funeral societies are in operation in Sri Lanka since a long time. These societies serve as a helping hand in arranging for the funeral, and support the family members with the necessary expendi-

tures. It has been observed that around 30,000 funeral societies are in existence across the country. These societies operate at a community level. Some of the societies even started providing some

value-added services such as hiring of a sound systems, tents and chairs for the functions and gatherings.

## Risk management needs prioritised

Generally, our research has shown that the microinsurance schemes in Sri Lanka are quite young and still experimental. It is still too early to assess their sustainability. Currently, the success of the microinsurance products is being measured by the "outreach of the product" by commercial insurers, while the microinsurance providers also look at new enrollments, renewals, sustainability and

scalability of the programmes and client feedback. The increasingly onerous requirements for minimum capital for doing insurance business may be a serious impediment to the future development of microinsurance in Sri Lanka.<sup>14</sup>

Not all the providers distinguish between microinsurance and other products: Out of the providers interviewed, it was found

that SANASA, Amana Takaful and Ceylinco distinguish mainly on the basis of design and marketing of the products; only few have separate accounting for each product, linked expenses and different distribution channels. Life insurance is the risk prioritised by the interviewed insurers. Sri Lanka's penetration of life insurance is 12.5%, where the average sum insured is below LKR 300,000.

## Policy holders

The policy holder could be an individual or a group. For the low-income segment, group policies are more prevalent as they bundle premium payment and reduce costs. Providers such as SANASA or Union Assurance, who widely offer microinsurance products, mostly have group policies.

## Barriers for microinsurance provision and the role of regulators

In an infant industry, microinsurance providers face plenty of obstacles such as technical know-how and regulation, which prevent development of the microinsurance sector. Versatile products involve high cost, which microinsurance providers often cannot pass on to their clients. Dearth of skilled human capital is a major set-back in the expansion of the sector. The study also found that though delivery/distribution of insurance is not a challenge for those providers who serve the high-income segment,

it is perceived as a challenge for those who serve low-income segments. Few of the providers reported that limitations in reinsurance hinder the expansion/diversification of the microinsurance products. All the studied providers have reinsured the products they offer through international re-insurers or the government. The microinsurance sector requires a strong regulatory framework for its expansion: Lack of it discourages reinsurance.

<sup>14</sup> Developing the Microinsurance Sector in Sri Lanka. 2010. *Social protection project briefs*, Asian Development Bank.

## Challenges related to uptake of microinsurance in Sri Lanka

1. Due to high administrative costs, registered insurers are unwilling to market affordable microinsurance products to the low-income sector as the transaction is not perceived as profitable. This has partly contributed to a concentration of the insurance market in the upper-and middle-income groups and the scarcity of services available to the lower-income segment of the population.
2. The perceived low capacity of poor households to pay premiums also discourages insurance companies- thus, a vicious circle. Insurance education is also not up to the mark, resulting in insufficient insurance buy-in.
3. The enrollment process in microinsurance is not customised to fit the understanding of the poor.
4. There is insufficient focus on institutions and regulation for the promotion of microinsurance.
5. Due to the lack of a regulatory framework, some private companies are unwilling to engage in microinsurance.
6. The vision of microinsurance has not extended beyond simply providing loan protection cover.
7. The lack of skilled manpower was identified as a serious setback in the expansion of the sector, as well as the lack of funding to support the expansion of services. This also hampers development of new products/modification of existing products according to the prevalent needs.

# Appendix

## Appendix 1: Organisations and people contacted

	Type	Name of the institution	Person contacted	Designation
1	Insurer	Ceylinco General Insurance Ltd	Dr. Jagath Alwis	Director (Technical), Chief Technical Officer
2	Insurer	SANASA Insurance	Mr. Ravinda Herath	Senior Manager- International Relations
3	MFI	Representative- Microfinance Practitioners Association of Sri Lanka	Mr. Imran Nafeer	Managing Director/Consultant
4	Regulator	Insurance Regulator- Insurance Board of Sri Lanka	Mrs. Damayanthi Fernando	Director General
5	Insurer	Coop Life Insurance Limited	Mr. W.Upali Herath	Managing Director
6	Insurer	Amana Takaful Insurance	Mr. Fawas Farook	General Manager- Strategic Planning & Corporate Risk
7	Insurer	Janashakthi General Insurance Limited	Ms. Dayalanie Abegunawardena	Chief Operations Officer
8	MNO	Dialog Axiata PLC	Mr. Chinthana Jayasekara	Head of Group Business Development
9	Regulator	Insurance Board of Sri Lanka	Luxman Wijesinghe	Senior Executive - Market Development and External Relations
10	Apex Body - Insurance	National Insurance Trust Fund Board	Manjula De Silva	Chairman
11	Apex Body - Insurance	National Insurance Trust Fund Board	Gayani Siyambalagoda	Executive Secretary to the Chairman
12	Social Security	Agriculture & Agrarian Insurance Board	Sydney Gajanayake	Chairman
13	Social Security	Sri Lanka Social Security Board	Dhammika Padukka	General Manager
14	Insurer	LOLC General Insurance	Dharani Fernando	Chief Operating Officer
15	Insurer	LOLC General Insurance	Mohan Thilakawardhana	AGM - Underwriting & Operations
16	Insurer	MBSL Insurance Co. Ltd	Thusitha Nandasiri	CEO/Principal Officer
17	Insurer	MBSL Insurance Co. Ltd	Chamari Jeevani Rodrigo	Asst. Manager - Underwriting & Reinsurance
18	Insurer	Asian Alliance Insurance	Ramal G Jasinghe	CEO
19	Insurer	Asian Alliance Insurance	Lakshmi Nanayakkara	Secretary to CEO
20	Insurer	Ceylinco General Insurance Ltd	Dr.Jagath Alwis (2 <sup>nd</sup> visit)	Chief Technical Officer
21	Insurer	Amana Takaful Insurance	M.H. Rizvan Ahamed	AGM-General Underwriting/Re-Takaful
22	Insurer	Sri Lanka Corporation Ltd	Suresh Paranavitana	Chief Officer-Life Insurance
23	Insurer	HNB Assurance	Prasantha Fernando	Chief Operating Officer
24	Insurer	HNB Assurance	Dinesh Udawatta	Head of Operations
25	Insurer	HNB General Insurance	Sanjeevani Pitaeniya	Manager-Customer Relations
26	Insurer	SANASA Insurance	Indika Kiriwandiniya	General Manager
27	Insurer	SANASA Insurance (2nd time visit)	Ravinda Herath	International Relations
28	Micro Finance Institution	Commercial Credit	Danushka Udugama	Genius - Operations
29	Micro Finance Institution	Kanrich Finance	Buddhika Hemal Hettige	Assistant Manager - Micro Operation



	Type	Name of the institution	Person contacted	Designation
30	MNO Aggregator	BIMA	Max Bergman	Managing Director
31	MNO	Dialog	Nadeeka Lakonath	Product Head
32	Insurer	Continental Insurer	Gery Gunadasa	CEO
33	Social Security	Department of Devenaguma Development-Samurdhi Authority	Anura S. Weeraratne	Director

#### ORGANISATIONS APPROACHED FOR SURVEY THROUGH E-MAIL

1	Ceylinco General Insurance Ltd	10	Sri Lanka Insurance Brokers Association
2	Divineguma Development Dept of Gov	11	National Insurance Trust Fund
3	Sri Lanka Insurance Corporation Ltd	12	Sri Lanka Insurance Institution
4	Amana Takaful PLC	13	Lanka Microfinance Practitioners' Association
5	Union Assurance General Limited	14	Insurance Board of Sri Lanka
6	Vision Fund Lanka	15	Janashakthi General Insurance Limited
7	BRAC Sri Lanka	16	AIA Insurance Lanka PLC
8	Siyath Foundation	17	COOPLIFE Insurance
9	Samurdhi Authority	18	Yasiru Mutual Provident Society, Ltd

## Appendix 2: List of microinsurance companies, products and distribution channels in Sri Lanka

No	Name of the insurer	Product	Product type	Distribution channels
1	Co-operative Insurance Company	Livestock	General insurance	Direct sales, agents and brokers
2	Co-operative Insurance Company	Funeral expenses		Direct sales, agents and brokers
3	Co-operative Insurance Company	Dambadiva Vandana		Direct sales, agents and brokers
4	LOLC Life Insurance	Divisaviya(Life) with total and permanent disability cover	Life	Partnership with LOLC Group companies
5	LOLC Life Insurance	Isurusahana(Life) - Funeral benefit, accidental death, life	Life	Partnership with LOLC Group companies
6	Ceylinco Life	Life	Life	Agents
7	Ceylinco Life	Pradeepa	Life	Agents
8	Continental	Individual - health medical	Health	Direct sales, agents and brokers
9	Continental	Personal accident, hospitalisation, funeral expenses, cash grant for child education	General insurance	Direct sales, agents and brokers
10	Continental	Fire, Burglary, Business interruption, money in transit, personal accident, workmen compensation, public liability	General insurance	Direct sales, agents and brokers
11	Amana Takaful	Personal accident - Takaful	General insurance	Direct sales and through agents
12	Amana Takaful	Group family Takaful (accidental death, disability, hospitalisation, funeral expenses)	General insurance	Direct sales and through agents
13	Amana Takaful	Hull Takaful	General insurance	Direct sales and through agents
14	Ceylinco General	"Diyawara Diriya" - for fishing community (personal accident, disappearance, hospitalisation, loan protection and funeral)	General insurance	Direct sales and through HR divisions of factories
15	Ceylinco General	"Govi Rakshanaya" - for farmers (covers drought, flood, damage by pests, wild animals)	General insurance	Direct sales through farmers associations
16	Ceylinco General	Livestock - covers death of animals including goats and cows	General insurance	Direct sales through farmer associations
17	Ceylinco General	"Liya Pawura", "Govi Pawura", "Guru Pawura" (covers death, death of spouse, disablements, natural perils, funeral expenses, damaged to crops)	Composite	
18	Ceylinco General	Special personal accident, death & permanent disablement	General insurance	
19	Ceylinco General	Dial 107 personal accident	General insurance	
20	Ceylinco General	Children health policy, hospitalisation, education expenses, due to death/disablement of guardian	Health	Direct sales, through parents & teachers associations
21	Ceylinco General	"Sahana" - Death, permanent disability due to accident and funeral expenses	General insurance	Direct sales and through HR divisions of factories
22	SANASA Insurance	Insurance for factory employees - life cover, permanent total disablement, personal accident, funeral expenses and hospitalisation	General insurance	

No	Name of the insurer	Product	Product type	Distribution channels
23	SANASA Insurance	Agriculture insurance policy for farmers	General insurance	800 primary SANASA societies (member ship in societies is 1 million)
24	SANASA Insurance	For tea, paddy cultivators (covers cost of product due to adverse weather)	General insurance	800 primary SANASA societies (member ship in societies is 1 million)
25	SANASA Insurance	For women, accident cover for policy holder and spouse - cover against fire, natural perils and displacement	General insurance	800 primary SANASA societies (member ship in societies is 1 million)
26	SANASA Insurance	For individuals, 18-70 personal accident, death, disability - cover for members of societies	General insurance	800 primary SANASA societies (member ship in societies is 1 million)
27	SANASA Insurance	Motor bikes, three wheelers	General insurance	
28	SANASA Insurance	Motor cars- comprehensive and 3rd party	General insurance	
29	SANASA Insurance	Burglary, theft, money insurance, personal accident and public liability	General insurance	
30	Asian Alliance	Personal accident with funeral rider and hospitalisation expenses	General insurance	
31	Orient	General personal accident with hospitalisation, disability and funeral riders	General insurance	Sales by internal sales staff
32	HNB Assurance	Life loan protection/death cover	Life	Sales by internal sales staff
33	SLIC	General hull for fishing boats, personal accident and hospitalisation	General insurance	In partnership with Department of Fisheries
34	SLIC	Home insurance for natural perils	General insurance	
35	Peoples insurance	General motor, SME insurance policy, loss or damage to property, personal accident, workman compensation and public liability	General insurance	

## Appendix 3: Sri Lanka's country profile

The island country of Sri Lanka, then known as Ceylon, gained independence from British rule in early 1948. Located just south of India, the country has a tropical climate and occupies an area of 66,000 square kilometers. Though still classified as a “developing country”, Sri Lanka's 19 million inhabitants have achieved a high literacy rate (92.5%) and educational level, good longevity (77.9 years on average), and a low rate of population growth (0.73%). Although health expenditures are relatively low (only EUR 26 per person annually, or 3.5% of Gross Domestic Product (GDP)), health indicators are the best in South Asia and quite good when taking an international perspective.

74.8% of the population is Sinhalese, 11.2% is Tamil and 9.2% are Moors and Malays. Major religions are Buddhism 70%, Hinduism 15%, and Islam and Christianity each at 7%. Languages are Sinhala, Tamil and English. The latter is spoken widely throughout Sri Lanka, at least by someone in every area except in remote villages.

Sri Lanka's poverty headcount ratio at national poverty line is 6.7%<sup>15</sup> (1.4 million of the total population) in 2012. There is a disparity in income level between the South & Western provinces and North & Eastern provinces, where in some areas, the poverty line rises to 55%<sup>16</sup>. With a UNDP HDI of 0.757 or a ranking of 73rd out of 177 countries<sup>17</sup>, 23.85% of the population live on less than USD 2 a day.

A typical profile of a low-income household is one of a person that is employed in low-skill occupations, has diversified income sources, lacks ownership or access to productive assets, has low level of education, and has a large household size. A sizeable percentage of Sri Lanka's population fits this profile. There is very little abject poverty in Sri Lanka – in terms of starvation and destitution – but there are specific pockets within the population that fall under a category called “extreme poor”<sup>18</sup>. Unemployed estate workers, low-income households displaced by the tsunami and the conflict, and/or in remote and isolated villages affected by flood, landslides and damage by wild animals, and marginalised social groups fall under this category.

The most important constraint to economic growth in recent years was the armed conflict from 1983 until 2009. Above that,

the country was hit by a tsunami in 2004 and much of the coastal belt of the Northern, Eastern and Southern Provinces and some parts of the Western Province were severely damaged. The Eastern Province was particularly hard hit accounting for nearly half of total deaths and displaced persons as well as for damaged houses. The severity of the tsunami disaster in the Northern and Eastern Provinces compounded problems arising from two decades of conflict between the Government of Sri Lanka (GOSL) and the Liberation Tigers of Tamil Eelam (LTTE). The majority of an estimated 360,000 conflict-related internally displaced people lived in these two provinces.

After the disaster, most people and property affected were not insured. But the increasing trend of natural disasters has been raising public interest about the economic benefits of insurance. It was also determined in an assessment<sup>19</sup> which examined the impact of the tsunami on the insurance industry in Sri Lanka, that, despite the high payments made on claims for lost property and lives, the insurance industry has, after all, been better off than before the Tsunami. This is mainly due to reducing losses by reinsurance and profit maximization through sale of new insurance policies with higher premiums, encouraged by the high risk factor following the tsunami as a natural peril.

While Sri Lanka's commendable human development in terms of life expectancy, high education level and low population growth has created a population pyramid with a young generation at its base and a rapidly growing elderly population at the top, this growing aged population is making increasing demands on the country's welfare system<sup>20</sup>. A major challenge the country faces is ensuring income security and social services to this growing pyramid of senior citizens. Social protection in Sri Lanka is covered by the formal system of social security and social security services by institutions such as non-government organisations (NGOs) and/or community-based organisations. Whilst most people in Sri Lanka have basic security in food, health, and housing, ensuring income security during old age remains a major challenge. Only about 36% of the working population is covered by one or more formal schemes.<sup>21</sup> The following part of the study will look into the risks the population of Sri Lanka is exposed to, which will also give a better insight on the demand for microinsurance in the country.

<sup>15</sup> The poverty headcount ratios are calculated by using Household Income and Expenditure Survey (HIES) data. Source: *Poverty Headcount Ratio Brief: Decomposition of Consumption Poverty*, April 2014. The Department of Census and Statistics, Ministry of Finance and Planning, Sri Lanka.

<sup>16</sup> Ahmed M.U 2006. *Market research on microinsurance demand*. ADB technical assistance to Sri Lanka for microinsurance sector development.

<sup>17</sup> *Human Development Report 2014*. Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience, UNDP.

<sup>18</sup> Ahmed M.U 2006. *Market research on microinsurance demand*. ADB technical assistance to Sri Lanka for microinsurance sector development.

<sup>19</sup> Keembiyahetti, N., 2005. Impact of Tsunami on the Insurance Industry in Sri Lanka, In: *Proceedings of the 10th International Conference on Sri Lanka Studies*, University of Kelaniya, pp. 172.

<sup>20</sup> Ahmed M.U 2006. *Market research on microinsurance demand*. ADB technical assistance to Sri Lanka for microinsurance sector development.

<sup>21</sup> Wiedmaier-Pfister, M. and Wohiner, E., 2004. *Microinsurance Sector Study in Sri Lanka*.

## Appendix 4: Risk exposure and social assistance in Sri Lanka

The financial ability of a household is depleted whenever a member is faced with a risk situation. Low-income households face the greatest impact of risks, as they do not have the financial ability to cope with risk events – especially recurrent risks<sup>22</sup>. When considering the potential for microinsurance products, it is important to identify the risk events the low-income households face, the magnitude and frequency of such risks, and the effect of those risks on the households' financial ability.

Based on an assessment of the Asian Development Bank<sup>23</sup> conducted in 2006 on microinsurance demand in Sri Lanka, health is the largest risk faced by the low-income households, followed by property risk (67.4%). 76.9% of the households visited a doctor and 39.8% required hospitalisation and surgery according to 2006 data. The property risks were almost wholly due to the tsunami that hit the country in 2004. There was no reporting of risk to property due to flood, landslide, fire or wild animals. Exposure to natural death risks (13.8%) and accidental death risks (12.1%) is also considerable. In almost all cases, the low-income households in rural areas are more exposed to risk events than those living in urban areas.<sup>24</sup> Damage to property due to natural calamities and war affected the economic standard of a household most. 78.7% of those affected by the tsunami live in the southern and western provinces and 21.3% live in the northern and eastern provinces.<sup>25</sup>

**Natural Disasters:** Microinsurance has also been used as a tool for risk management in the event of a natural disaster. A study by Galappatti *et al.*<sup>26</sup> showed that despite high incidences of weather-related shocks and despite the preference of clients on having an insurance cover against these shocks the coverage is still very low. But there are innovations now being piloted, which need more recognition and support for expansion. These innovations relate to supply of both social assistance and microinsurance which will be detailed in the next section.

### Social assistance

There is a well-established tradition of providing social protection within the community in Sri Lanka. In an informal manner, the family, the extended family and the local community provide basic social security. The form and coverage of these traditional social services have changed over time but they still exist to a large extent. During the last decades, the traditional systems have been complemented by new NGOs or community-based organisations (CBOs), many of which are supported by donors. There are a number of social security services in the

country, including those provided by the informal sector and by the Ministry of Social Empowerment & Welfare.

After the 2004 tsunami, Sri Lanka developed a National Disaster Management Plan and Emerging Operation Plan with the aim of preparing for timely and effective response, equitable relief distribution, speedy recovery, timely rehabilitation and reconstruction at provincial, district and village levels. The Early Warning Dissemination Division maintains and operates Early Warning Towers and other early warning dissemination equipment. Such measures allow for mitigation of the adverse effects of a disaster. Furthermore, due to the rising number of disasters, the disaster relief programmes are designed for timely action. They have well designed mechanisms to become active instantly after a disaster takes place. The disaster assistance includes immediate relief with cooked meals and dry rations. It further includes funeral assistance and compensation for housing damages and crop damages. However, the disaster-related social protection programme is not designed with long-term post-disaster livelihood development, which is a vital component in re-establishing livelihood activities.

With the North and East separatist conflict, the Government of Sri Lanka was involved in provision of social assistance to the Internally Displaced People (IDPs) and thereafter to resettling the families. The social assistance was in the form of both relief assistance and assistance for livelihood development, until the families were resettled. The government provided cooked meals, dry rations, shelter, water and sanitary facilities for the IDPs. At present, since the families are being resettled, the assistance is mostly in the form of feeding programmes. Until the livelihood activities are reestablished, the resettling families will be provided further food assistance (Vulnerable Group Feeding- VGF). They are provided with cash grants to construct temporary shelter and non-food items. More interestingly, the resettling families are provided with the opportunities to participate in development activities until the livelihood activities are re-established, through the workfare programmes. The families are provided with food rations for the labor they offer for development activities (Food For Work - FFW). In addition, under Food For Training (FFT), certain livelihood skills development training programmes are conducted for youth. Such initiatives can be integrated into post-natural disaster programmes as well.

Besides natural and environment-related risks, households are exposed to multiple risks, ranging from family-related shocks,

<sup>22</sup> Ahmed M.U., 2006. *Market research on microinsurance demand*. ADB technical assistance to Sri Lanka for microinsurance sector development.

<sup>23</sup> Idem.

<sup>24</sup> Idem.

<sup>25</sup> Idem.

<sup>26</sup> Galappatti, A., Jayaweera, R. and Tilakaratne G., 2011. *Microinsurance in Sri Lanka: Combating Multiple and Overlapping Vulnerabilities*. Talking Economics Blog, Institute of Policy Studies of Sri Lanka.

banditry and crime, economic shocks, and negative political, social or legal events. Studies on Sri Lanka suggest that shocks experienced by most households are family-related, such as deaths, illnesses, disablements, disputes, and divorces, apart from the weather and environment-related shocks. These types of shocks have a bearing on the productivity of labor, output and welfare of the households. There are only a handful of social insurance programmes in Sri Lanka which cover these vulnerability aspects. One such programme is the social security component of the Department of Divinaguma Development under which the Samrudhi Authority is operating.

Though the State offers a big variety of ambitious security schemes, these schemes appear to offer inadequate benefits and be fragmented. This is particularly the case with pension

schemes. There is a great need for additional risk management and with increasing income levels it is likely that the demand for private insurance services will increase to compensate for the insufficiencies in the public social security network. Currently, the penetration of commercial insurance service is extremely low and only 6% of the population has private life insurance. The low income households find it difficult to afford traditional formal insurance schemes as they are costly and formalities are high. Microinsurance can be strengthened and used as an effective tool in managing risks. The penetration of microinsurance in Sri Lanka is very low and only a handful of institutions are involved in providing it. Policy intervention on social security is required in this regard to improve the micro-insurance sector.

## Appendix 5: Microfinance in Sri Lanka

Empirical evidence suggests a high level of financial access in Sri Lanka. According to a report by GTZ ProMiS (2008)<sup>27</sup>, 82.5% of households in the country were accessing financial institutions (formal and semi-formal) for loans and savings in 2006/07. Moreover, a two- period survey covering 47 Grama Niladhari divisions from three districts revealed that around 92% of households had accessed financial institutions by 2006/07, and this increased to over 98% by 2009/10. In other words, the share of households that have not accessed financial institutions for loans and/or savings had fallen to around 2% by 2009/10.<sup>28</sup> Access to financial institutions was high across all income groups, with only around 2-3% of households from the bottom two income quintiles having neither borrowed nor saved with a financial institution. This is a remarkably high level of financial inclusion for a developing country, and it is much higher than in the rest of South Asia. Thus, the microfinance movement that started with the Thrift and Credit Cooperative Societies (TCCSs) and further activated by the revival of the co-operative movement led by SANASA and the establishment of other NGOs and CBOs, has diversified the microfinance sector.

A considerable share of households across all income groups has accessed both MFIs and formal financial institutions such as commercial banks. This is somewhat contrary to the conven-

tional wisdom that low-income groups are excluded from the formal financial sector. About 64% of households access both formal financial institutions such as commercial banks and MFIs for their financial needs. In fact, the share of households accessing both types of financial institutions has increased significantly in recent years, from about 38% in 2006/07 to 64% in 2009/10. Interestingly, a considerable share of households in the lowest-income groups also access commercial banks for their financial needs. Sri Lanka has the highest share of adults with formal financial accounts (68%) in South Asia.

The above findings reveal that the microfinance sector and the mainstream financial sector, that are conventionally believed to be serving distinct segments of the market, have overlapped in Sri Lanka in recent years, serving the financial needs of a broader group of households across a range of income groups. Commercial banks and other formal financial institutions have started providing financial services to the lower-income groups, while some MFIs have diversified their services and products, enabling them to attract clients from middle- and higher-income groups. This convergence between the two sectors has contributed to a great extent to the high level of financial access and has increased multiple "clientship" (i.e., accessing multiple financial institutions) in Sri Lanka's financial sector.<sup>29</sup>

<sup>27</sup> GTZ ProMiS, 2008. *Outreach of Financial Services in Sri Lanka: A Look at the Demand Side from a Microfinance Perspective*. Colombo: Promotion of Microfinance Sector-German Technical Cooperation.

<sup>28</sup> Tilakaratna, G. 2012. *Dimensions and Dynamics of Clientship in the Microfinance Sector: Evidence from Sri Lanka*. PhD Thesis (Unpublished). Manchester, UK: University of Manchester.

<sup>29</sup> Tilakaratna, G. 2012. *Dimensions and Dynamics of Clientship in the Microfinance Sector: Evidence from Sri Lanka*. PhD Thesis (Unpublished). Manchester, UK: University of Manchester.



