

Productivity Growth of Insurance Industry in Sri Lanka: A Malmquist Productivity Analysis

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This study examined total factor productivity change of Insurance Industry in Sri Lanka. For this study, a total premium of insurance companies was chosen to as an output variable, while total assets and shareholders fund were chosen as input variables. Input-output data of 18 insurance companies were collected in Sri Lanka over the study period 2010-2015. The study applied methods of Malmquist Productivity Index (MPI) based on Data Envelopment Analysis (DEA) to measure the total factor productivity growth (TFPG). The Malmquist Productivity Index (MPI) decomposes total factor productivity growth into technical efficiency change and technological change. The results of this study indicate that total factor productivity of insurance industry decreased over the period of study in Sri Lanka. Five among the insurance companies had progressive productivity growth and the rest of the insurance companies had regressive productivity growth in Sri Lanka.

Keywords: *Insurance Company, Total Factor Productivity Growth, Malmquist Productivity Index (MPI), Data Envelopment Analysis, Insurance Industry.*

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