

The Impact of the Performance of Life Insurance Companies on the Growth of Sri Lankan Economy

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ABSTRACT

Introduction - Insurance service and sector is playing a major and important role in an economy and provide significant contribution to the economy through encouraging long term investments, reinvestments of additional funds in public and private sector securities such as corporate and government bonds and debt securities

Design/Methodology - The population of the research comprises of all the life insurance companies in Sri Lanka. The collected data has analysed using panel data analysis model combined of cross-sectional data and time series data.

Findings - The results of the study have revealed that among three factors that was studied, Penetration rate of insurance industry influences greatly on the economic growth of Sri Lanka while Gross Written Premium and Total Assets of insurance companies are not significantly influence on economic growth.

Conclusion - There are more factors effect on life insurance companies; political factors; insurance advisor's behaviour that may differ in diverse extents. Hence, future researchers can be used more factors and identify relationship among those factors and economic growth of Sri Lanka

Keywords: *Gross Written Premium, Total Assets, Penetration Rate, Gross Domestic Product*