

The Impact of Covid 19 Pandemic on Financial Performance: Evidence from Life Insurance Companies in Sri Lanka

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ABSTRACT

Introduction: The COVID 19 pandemic has severely impacted the national economy and business financial performance. This study aims to examine whether there is a significant difference in the financial performance of Life Insurance companies in Sri Lanka before and during the COVID 19 Pandemic and identify the impact of COVID 19 on the financial performance (ROA) of Life Insurance companies.

Design/Methodology/Approach: The sample is 6 life insurance companies listed under the Colombo Stock Exchange. The sample includes quarterly observations from 2019 to 2021. The Wilcoxon signed-rank test and Panel Regression methods are used to analyze the data.

Findings: According to the result of the Wilcoxon signed-rank test, ROA, Revenue and GWP Growth are statistically different before and during the COVID period. The Panel Regression Results show that the differential effect of COVID 19 on ROA during the COVID period is positive.

Conclusion: COVID 19 has significantly impacted the financial performance of Life Insurance companies. The positive differential effect of COVID 19 on ROA shows that the profitability is recovering from the setback.

Keywords: *COVID 19, Financial Performance, ROA, Life Insurance Sector, Sri Lanka*