

Impact of Reinsurance on Financial Performance of General Insurance Companies in Sri Lanka

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ABSTRACT

Introduction: The purpose of the study is to identify the impact of reinsurance on the financial performance of general insurance companies in Sri Lanka. It will help firms to take reinsurance decisions to enhance their profitability and company performance.

Design/Methodology/Approach: The study based on a quantitative approach used secondary data for the penal regression model. Entire general insurance companies are considered for the population, where 10 general insurance companies are used as the sample for the study.

Findings: It was found that the reinsurance demand, firm size, underwriting risk has a positive impact on the financial performance of general insurance companies in Sri Lanka.

Conclusion: Based on the finding of this study return of assets in general insurance companies in Sri Lankan Insurance industry should focus on the reinsurance demand, firm size and underwriting risk variables. These three factors have a significant impact on return on assets in general insurance companies in Sri Lanka.

Keywords: *Reinsurance, General Insurance Company, Financial Performance, Panel data regression, Sri Lanka*