

# **Impact of Claim Management on Profitability of Listed Insurance Companies in Sri Lanka**

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## **ABSTRACT**

**Introduction:** This research study determines the impact of claim management on profitability of listed insurance companies in Sri Lanka.

**Design/Methodology/Approach:** The study based on a quantitative approach used secondary data for the descriptive statistics and the multiple regression techniques. Entire all insurance companies are considered for the population, where listed insurance companies are used as sample of the study.

**Findings:** The appropriate model that has selected for this study was the random effect model. The findings in this study have found that ROA, which is a measure of profitability, has a direct relationship with expense ratio, but an indirect relationship with net claim. And also, liquid asset technical reserve and combined ratio are no relationship with ROA. Net premium has an indirect relationship with a loss ratio.

**Conclusion:** Return on Assets (ROA) was taken as a dependent variable and expense ratio (EX), combined ratio (CR), LATR, NIIR and net claim consider as independent variables. The results of the study indicate that there was a significant relationship between expense ratio and ROA, and NII ratio and ROA, and NC and ROA in the listed insurance companies in Sri Lanka. The study recommends that claims managers in the Sri Lankan insurance industry must effectively manage their claim process. In addition to that, carefully attention must also be given to administrative cost, underwriting cost, which is capable of reducing company's profit margin.

**Keywords:** *Claim management, Profitability, Listed Insurance Companies, Policyholder, Premium*