

**The Impact of Internal Factors on Financial Performance: An Empirical Study  
in Life Insurance Industry in Sri Lanka**

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**ABSTRACT**

**Introduction** - Insurance services are now being integrated into wider financial industry and the insurance sector plays an important role in service-based economy of Sri Lanka. The purpose of this paper is to examine The impact of internal factors on financial performance an empirical study in life insurance industry in Sri Lanka. The business world without insurance is unsustainable since risky business may not have the capacity to retain all kinds of risks in this ever-changing and uncertain global economy.

**Design/methodology/approach** - Financial performance is measured through Return on Assets and four independent variables such as Age, Size, Leverage and Liquidity used for this study. Data for 10 life insurance companies 2015 to 2018 is analysed using Eviews. Required secondary data gathered though the Annual reports of each company.

**Findings** - Internal factors of Age, Size, Leverage and Liquidity have a statistically significant impact on company performance. Among them, Age and liquidity have positive effect on ROA, while Firm size and Leverage have negative effect on ROA.

**Conclusion-** By considering firm specific variables, this study provides some interesting new insights for a better understanding of the mechanisms that the impact of internal factors on financial performance an empirical study in life insurance industry in Sri Lanka. These findings will help for future studies relating to financial performance in life insurance company.

**Keywords:** *ROA, Internal factors, Insurance Companies, Financial Performance*