

The Impact of Covid19 Pandemic on The Profitability of the Insurance Industry in Sri Lanka

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ABSTRACT

Introduction: The main purpose of conducting this research is to examine the effect of COVID-19 pandemic on the profitability of the insurance industry in Sri Lanka. At present COVID-19 pandemic is very crucial to the profitability of any industry. As a consequence, it is expected that this impact transposes into the nature and methods of insurance risky ventures, and thus drastically change the business models of the insurance industry both in the short and long run. Despite the abundance of predictions and potential implications, the literature lacks investigations that target the short-run economic impact of the COVID-19 pandemic on the insurance industry.

Design/Methodology/Approach: The analysis is based on 10 insurance companies listed on the Colombo Stock Exchange and also the study is based on secondary data over a period of the past four years from 2018 to 2021. Correlation, regression analysis, and descriptive statistics were applied in the analysis. Firm size, premium growth, solvency ratio, Confirmed COVID Cases, Reinsurance dependency, Inflation, GDP Growth were used as firm-specific factors and ROA was used to measure the profitability of the firm.

Findings: The study shows that there is a significant impact exists the between COVID-19 pandemic and the insurance industry's profitability. This

Conclusion: The study provides directions for the management of the insurance sector of Sri Lanka in relation to its profitability dimensions during a pandemic. The proactive actions were taken by the insurance companies during the Covid-19 appreciated and it is highlighted how sensitive the profitability indicators for the chosen strategies.

Keywords: *COVID-19, Insurance Industry, Profitability, Sri Lanka, Regression analysis*