

Micro-Level Determinants and Profitability of the Licensed Long-Term Insurance Companies in Sri Lanka

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With the rapid changes in the corporate sector, the relevance of insurance companies has gradually increased. They are very important and have contributed significantly to the development of the country. Therefore, the objective of this study is to identify the micro-level factors that affect the financial success of insurance companies in Sri Lanka. Five independent factors are used to assess financial performance, including the ratio of return on assets and underwriting dependence, commission ratio, underwriting premium ratio, leverage and company size. From 28 insurance companies accessible in this study from 2013 to 2019, eight long-term licensed insurance companies were randomly selected as samples. Second information obtained from companies and IBSL (Insurance Commission of Sri Lanka) annual reports is required. Multivariate analysis and descriptive statistics are the statistical methods used in this survey. According to the research, only underwriting dependence shows a statistically significant positive effect on the rate of return on assets. Return on assets will be statistically negatively affected by return commission rates, underwriting rates, debt, and firm size, which is significant.

Keywords: *insurance, micro level, reinsurance, return on asset*