

The Impact of Covid-19 Pandemic on Financial Performance of the Insurance Companies in Sri Lanka

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ABSTRACT

Purpose: The primary objective of this study is to determine the impact of Covid-19 pandemic on the financial performance of the insurance companies listed on the Colombo Stock Exchange (CSE).

Design/Methodology/Approach: This research study is quantitative research, and it follows the deductive approach. There are 27 companies in the Insurance sector however, there are 8 companies listed on the CSE. This study relating data were collected using the published annual reports for the period from 2015 to 2021. The secondary data were analyzed using descriptive statistics, the normality test, and the Wilcoxon signed rank test. Before and during the COVID-19 pandemic, the liquidity ratio (LR), leverage ratio (LVR), Earning per Share (EPS), return on equity (ROE) and return on assets (ROA) were all measured individually in order to arrive at distinct results for those parameters.

Findings: The findings indicated that the Covid-19 pandemic had a major negative impact on the Return on Assets and Return on Equity of the insurance companies. However, there had no meaningful impact on the leverage ratio and liquidity ratio during COVID-19 pandemic.

Originality: Investors or potential investors should use the study's findings as a source of useful information when making investment decisions and managers can use this research to change or create long time decisions.

Keywords: *Liquidity Ratio, Leverage Ratio, Earning Per Share, Firm Performance, Insurance Industry*