

## Profit & Competition of the Insurance Industry in Sri Lanka with a special Emphasis on, Non - Life Insurance Business

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This research study is focused on the influence of firm-specific competitive conditions on competitors' actions. Because only a few empirical studies have examined factors shaping patterns of inter-firm rivalry within the general insurance industry field and the subsequent effects on profit margins, there have been even fewer attempts made to link patterns of inter-firm rivalry to firm-specific competitive conditions as well. There is, however, a great interest in the dynamics of non-life insurance firms' strategic behaviour and the evolution of competitive advantage over time. This strategic interaction will typically be studied at given points in time and an attempt will be made to model it dynamically.

New insights into why the strategies of some firms lead to competitive superiority over time but those of others do not may, therefore, be gained by examining how firms' market domain overlap and multi-market contact influence the dynamics of the inter-firm rivalry of the general insurance industry. General insurance firms whose market entries and exits are key among strategic moves will also be studied. Such competitive and counter-competitive actions represent clear, offensive challenges that invite competitor responses on the one hand, and obvious signals of retreat or acquiescence on the other.

**Key Words:** Non-life insurance industry; Firm-strategic competition; Inter-firm rivalry; Profits; Strategic management

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