ABSTRACT

This study attempts to measure efficiency of insurance firms in India, Singapore, Malaysia and Philippines, using the stochastic frontier model for panel data and individual firm specific input and output data during 2006-07 to 2010-11. Since the data for some firms are missing due to non availability or some firms commenced operations post 2006-07 or merged before 2010-11, the final data set employed is an unbalanced panel of 97 observations for India, 61 for Singapore, 78 for Malaysia and 170 for Philippines. Due to currency variations and other structural issues, we have used separate model for each country. The output variables are the benefit paid and the operating income and the inputs are operating expenditure and fixed assets.

The average efficiency of net benefit paid output is estimated at 44% Percent in India, 54% in Singapore, 40% in Malaysia and 24% in Philippines. In the case of operating income, the average efficiency values are 45% for India, 57% for Singapore, 52%.for Malaysia and 22% for Philippines. In India, Singapore and Philippines age and size are the major determinants of Technical efficiency (TE) values. In Malaysia size and FDI are the major factors determining TE.