International Journal of Accounting Finance and Social Science Research (IJAFSSR)

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

# THE IMPACT OF COVID-19 PANDEMIC ON AN INSURANCE COMPANY PERFORMANCE

**Mukdad Ibrahim**

American University of Ras Al Khaimah

**DOI:** https://doi.org/10.63452/IJAFSSR.2026.4210

## ABSTRACT

The present study investigates the effect of the Covid-19 pandemic on the financial performance of National Insurance Corporation of Eritrea Share Company; the researcher used secondary data obtained from the company annual report's spanning the years 2018 to 2023.The researcher relied upon measuring three key concepts that serve as accurate reflectors of financial performance. Liquidity, profitability, and efficiency were further broken down into groups of their relevant indicators and analyzed to measure the performance of the insurance company during the initial hard impact phase of the global economy. The finding revealed that liquidity indicators remained stable during covid-19 pandemic. Furthermore, the analyses showed a positive relationship between the three ratios that focus on liquidity, suggesting a strong positive associative relationship between the three liquidity indicators. Profitability indicator analysis produced somewhat similar results to that of the liquidity analysis. Profitability analysis showing a large degree of indicator stability during the pandemic, largely mirroring the findings of the liquidity analysis, However, correlation analyses found a mostly negative or weak relationship between the respective indicators within the profitability group, indicating that while the company saw slightly shrinking returns on equity during the initial hard landing phase of the pandemic, it compensated for that slight shortfall in the form of the increased net profits to net written premium that enjoyed during that same year (2020). This suggesting an expanding customer base as clients sought the protective value from catastrophic loss that insurance coverage can provide. Finally, efficiency analyses indicated that ratios which are pertained to investment derived revenues experienced a high level of instability, while the remaining efficiency focused ratios enjoyed high level of stability during the pandemic. Correlation analyses found the presence of overall negative or weak relationships within the efficiency grouping of indicators. Departing from this trend are both the two expense ratios as well as the two investment related ratios, where strong relationships where found. This may be explained by the common sub-focus of each pair of efficiency indicators, where each indicator pairing is designed to assess performance according to one area of financial management, namely expenditure management as well investment ability. While the efficiency group of indicators is also similarly designed to be valid reflectors of a company's efficiency, external factors may be responsible for the misalignment in movement between efficiency focused indicators.

  

International Journal of Accounting Finance and Social Science Research (IJAFSSR)

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

**KEYWORDS**: - Firm Performance, Accounting, Financial Crisis, Financial Risk.

**JEL Classification:** G 22, G32, M41, L25

## 1.0 INTRODUCTION

The Covid 19 Pandemic has had an enduring impact on the world, perhaps not since the two world wars or the Spanish flu has the world nearly shut down in any meaningful way. Economic activity, the primary driver of progress and prosperity, came to grinding halt as white collar workers were relegated to work from home arrangements, students to learning at a distance and many blue-collar workers, for whom working at whom was not an option, out of work. Many businesses shut down as demand for their products evaporated while others that were in a superior position either adapted to or capitalized on the circumstances they were faced, reaped tremendous rewards. All in all, the pandemics immeasurable mark on world affairs cannot be understood and is the subject of great debate and intense study, much of which we are only beginning to understand.

Firstly, the resulting economic crisis has been nearly unprecedented in scale: While previous crises took a far more deadly human toll, the Covid-19 pandemic has created has undermined all macro and microeconomic measures on a global scale. Aggregate demand dropped as individuals sought less products and services while on quarantine, while unemployment drastically affected the purchasing power of others. Furthermore, the stringent lockdown rules & regulations that were put into place forced many small to medium sized businesses, already particularly vulnerable to economic downturns, to close. In some localities these closures have not only put thousands of hospitalities and shopping industry staff out of work but have undermined the economic activity that once shaped many of these cities 5 years on. In some industries this has resulted in an increasingly consolidated market as larger business sought and bought out smaller, less resilient businesses that were either struggling or had recently filed for bankruptcy. Liquidity for startups was often limited as lenders became increasingly hesitant to finance business ventures that have become increasingly risky undertakings given the economic instability that followed the pandemic. Sensing urgency, central banks attempted to address this squeeze in liquidity by lowering interest rates and inflating the money supply. The current inflation crisis has been attributed to the very same policies that central banks have put into place to address the lending crisis that occurred during the height of the pandemic. As a result of this possible over-corrective monetary policy, recovery out of the pandemic has been positive but painfully sluggish and many of the lingering effects of the global 2020 pandemic stubbornly persist.

The insurance industry has not been immune from the far-reaching impacts of the Covid-19 pandemic. Indeed, insurance companies heavily exposed to certain markets of the economy such

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

as business and travel exposure saw a significant increase in the number of insurance claims being made by their clients. In some cases, however, the increasing uncertainty of future events led many who may have otherwise been travel, business or health insurance averse to purchase insurance, leading to an increase in the revenue stream afforded to insurers. In the wake of the more recent energy crises, it becomes increasingly wise to take a retrospective look at both the resilience and the vulnerabilities of the insurance industry in times of economic disruption. The insight gained from such a thorough assessment may provide vital lessons into how the insurance industry may better protect itself during the current fuel and energy crisis, which carries with it the very real possibility of serious economic crisis. Indeed, energy is the primary input in all forms of economic activity, from agriculture, travel, to transport and logistics. All of industry has little to gain and everything to lose from the current fuel and energy crisis. The insurance industry and its stakeholders may be able to survive the current headwinds by pursuing a soft landing rather than a hard one. Doing so may not only provide intrinsic benefits to the insurance industry but may extend those benefits to the wider society whose functioning depends on a healthy insurance market.

## 2.0 LITERATURE REVIEW

Hasibuan *et al* (2020) analyze the effect of claim ratio, operational ratio, and retention ratio on profitability of 9 Indonesian companies for the period of 2011 to 2018. They used secondary data which was obtained from the Indonesian Stock Exchange. Panel data regression analysis was used to achieve the research objective. Their analyses show that both claim ratio and operating expense ratio have negative and significant impact on profitability, while retention ratio has positive, albeit insignificant effect on profitability.

Ibrahim (2023) measures the financial performance of Emirates Insurance Company over ten years using five financial ratios related to operating cash flow. Using coefficient of variation for the five types of ratios, the author found a high level of stability and variability over the ten-year period. In addition, cross analysis conducted across each possible variable pairing showed the presence of a moderately strong correlation between operating cash flow margins and the remainder of the cash flow ratios studied. Moreover, the researcher used two regression analyses to test the impact of operating cash flow margin on both return on assets and return on equity. The results reveal a significant negative impact on each of the profitability indicators. The findings highlight how cash flow ratios, often less utilized as a management tool, can play a significant role in shaping decision-making within the insurance sector. The implications of this research are twofold. Firstly, as would be of strong interest to financial managers, the evidence points to operating cash flow being a remarkably reliable indicator of traditional performance and thus emphasizes the importance of incorporating more aggressive cash flow management strategies into daily operations. This will enable the firm to enhance liquidity and ensure

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

resilience in times of volatility. The findings also highlight that regulatory framework and reporting standards should give greater weight to cash flow metrics as they provide a clearer and more complete picture of a firm's financial health than solely relying on accrual-based accounting measures alone. Finally, by shifting focus toward sustainable cash generation rather than short-term earnings, both managers and regulators can better align their strategies with the goal of realizing the long-term resilience and trustworthiness of insurance institutions.

Kamau, *et al* (2021) investigate the influence of firm attributes on the financial performance of insurance firms in Kenya. The authors collected panel data for the years 2010 to 2028 from 52 insurers operating in Kenya as at 31of December 2018. Panel data collected was analyzed using both fixed effects models and the random effects models using return on assets as dependent variable and each of current ratio and leverage ratio as an independent variable. Their findings reveal that financial leveraging negatively impacted on the financial situation of insurance firms. Similarly, the liquidity indicator has a negative impact on the financial performance of insurance companies.

Olaiya (2025) analyzes the factors that serve as the primary determinants of profitability across 20 insurance companies listed on the Nigerian Exchange Limited as of December 31, 2022. The researcher used secondary data obtained from the company's annual reports to evaluate the impact of underwriting ratios, asset-liability ratios, firm size, and leverage on the two indicators of profitability, return on assets and return on equity. Using ordinary least squares, fixed effects, random effects, and panel data estimation to identify existing relationships between variables, the findings revealed that asset utilization and premium generation are crucial drivers of profitability.

Sharif *et al* (2024) statistically explore the relationship between different activities of risk management and the financial performance of 42 general insurance companies in Bangladesh. Secondary data was extracted from annual reports across a five-year time span between 2017 to 2021. Several statistical analyses were employed towards their goal of identifying relationships between various subsets of risk that firms are commonly exposed to and their corresponding financial performance. The tools were composed of descriptive analysis, correlation analysis and regression analyses. The findings indicate that a well-designed solvency risk management program has the most significant positive impact on financial performance while credit risk, operation risk, and underwriting risk activities also have positive, albeit lesser impacts on firm performance.

Worku, *et al* (2024) analyze financial data from 17 Ethiopian insurance companies within the 2011 to 2020 period to identify the effect of internal factors and macroeconomic factors on the

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

profitability of insurance companies in Ethiopia. The researchers used high quality secondary data derived from annual reports and subjected the data to both descriptive analysis and linear regression analysis to achieve their aims. Regression analysis is widely considered the standard for estimating the nature and extent of a relationship between a dependent variable and any chosen independent variables. The results were used to identify relationships between internal organizational factors and each insurance company's given performance. Additionally, macroeconomic factors were also studied to determine any effect, if applicable, that they had on a firm's financial performance. Their findings show that company's age, tangibility of assets, company size, managerial efficiency, leverage ratio, liquidity ratio, premium growth, and GDP all share a significant, positive coefficient relationship with an insurance firm's return on assets. Meanwhile, the loss ratio and inflation rate imposed a negative, albeit significant, coefficient, negative relationship with return on assets.

Yonali and Ekanayake (2024) take a comparative look at the impact of financial ratios on the financial performance of Sri Lankan life insurance companies by analyzing each firm's performance in times of strong economic stability and growth and measuring that against how insurance firms fared during the relatively difficult years beginning 2019 and ending in 2023. Using quarterly secondary data derived from quarterly reports focusing on the 2016 to 2023 period, the authors employed a suite of statistical tools such as descriptive statistics, diagnostic testing, and regression analysis to measure the impact of financial ratios on return on assets, The results indicate that reinsurance ratio, investment ratio, and solvency margin have a statistically significant influence on return on assets, while debt ratio was not shown to yield any statistically significant influence on return on assets.

## 3.0 RESEARCH METHODOLOGY

To measure the effect of Covid-19 pandemic on financial performance of National Insurance Corporation of Eritrea Share Company, the author used secondary data obtained from the company annual reports for the years 2018 to 2023. The financial information will be then analyzed and organized into three groups of indicators according to the subcategory of performance that they are designed to assess. These key performance indicators widely used for their predictive abilities when studying various aspects of a firm's financial performance and can often provide early warning signals to managers and analysis regarding the financial trajectory of a company. The three resulting groups are the liquidity group of indicators, profitability group of indicators and finally the efficiency group of indicators. Two types of statistical analyses were used by the author to resolve the research question, descriptive analysis and correlation analysis. The aim behind computing descriptive statistics is to summarize and present the main features of a data set in a meaningful and concise manner. The mean, standard deviation, minimum and maximum values in the dataset are going to be computed. Subsequently, the coefficient of

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

variation is going to be computed for each indicator to measure its stability-variability during the Covid-19 pandemic. A higher coefficient of variation signals a greater level of variability and instability. It is calculated by dividing the standard deviation by the mean then multiplying the value by 100. This analysis will be followed by a Pearson correlation coefficient computation, a method widely used to examine the nature of a relationship between each indicator pairing under examination. The value of the correlation coefficient lies between the -1 and 1 range, where -1 indicates the existence of a perfect negative relationship between any two indicators, while a value of 1 is to be interpreted as the existence of a perfect positive relationship between two indicators.

## 4.0 DATA ANALYSIS AND RESULTS.

Three groups of financial ratios are going to analyze to study the effect of Covid-19 pandemic of liquidity ratios, profitability ratios, and efficiency ratios.

### 4.1. Liquidity Ratios

Liquidity ratios are of great importance, as they provide valuable information to stakeholders who wish to assess a firm's short-term solvency, financial performance, credit risk, and operating efficiency.

Within this context, liquidity ratios determine a company's ability to cover short-term obligations and cash flows, while solvency ratios are more concerned with a gauging a firm's long-term ability to pay its ongoing debts. Common liquidity ratios include the current ratio, cash to total assets and cash ratio.

**4.1.1. Current Ratio**. The current ratio is a key index of a firm's short-term liquidity. A current ratio of more than one indicates that a firm can honor its current liabilities using cash realized from its current assets. In mathematical terms, the current ratio is expressed as a firm's current assets divided by its current liabilities. It indicates the number of times over that a firm's current assets can cover its current liabilities. Typically, a ratio of 2 can signify that a firm can pay its current liabilities in full while continuing to engage in normal business operations. A ratio of less than 1 may indicate elevated levels of risk as it indicates that a firm does not have the financial resources to meet its short-term obligations through the sale of its current assets. Annual reports analysis indicates a decline in current liabilities over the pandemic years. Meanwhile current assets fluctuated over the same period studied. As a result, table 1 shows a growth of this ratio over the years with a low coefficient of variation 10.40% indicating a low level of variability-instability.

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

**4.1.2. Total current assets to total assets ratio**. It is a financial metric that measures a company's liquidity by dividing its cash currents by its total assets. A higher ratio indicates greater liquidity and the ability to meet short-term obligations using current assets. The formula is calculated by dividing total current assets by total assets. Table 1 shows that there was minimal fluctuation over the period in question. Moreover, the coefficient of variation of 5.08% indicates a high level of stability over the years. Finally, the result of analysis shows a strong relationship between the three indicators of liquidity as it represented in the high correlation coefficients.

- **Cash to Current liabilities ratio**. This ratio is highly appropriate indicator for measuring a company's liquidity level. It can be computed by dividing the cash balance and marketable securities by current liabilities' balance. The higher the resulting ratio the stronger the ability of the company to cover its current liabilities using its most liquid assets. The gradual increase of this ratio over the years observed may indicate tangible improvements in the company's ability to cover its current liabilities using cash and other highly liquid assets. The coefficient of variation of 9.18% indicates a high level of stability of this ratio over the years studied.

**Table 1: Liquidity Analysis**

| Indicators / Year | Current ratio: Time | Current Assets to Total Assets: % | Cash Ratio: % |
|---|---|---|---|
| 2018 | 1.48 | 39.01 | 125.09 |
| 2019 | 1.57 | 40.51 | 128.86 |
| 2020 | 1.70 | 39.65 | 140.65 |
| 2021 | 1.80 | 40.77 | 147.37 |
| 2022 | 1.86 | 43.60 | 146.49 |
| 2023 | 1.95 | 44.10 | 160.28 |
| Mean | 1.73 | 41.27 | 141.46 |
| Standard Deviation | 0.18 | 2.10 | 12.98 |
| Coefficient of Variation | 10.40 | 5.08 | 9.18 |
| Minimum | 1.48 | 39.01 | 125.09 |
| Maximum | 1.95 | 44.10 | 160.28 |
| Correlation Analysis | | | |
| Indicator | Current ratio | Current Assets to Total Assets | Cash Ratio |
| Current Ratio | 1.00 | 0.869 | 0.980 |

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

| | | | |
|---|---|---|---|
| Current Assets to Total Assets | 0.869 | 1.00 | 0.808 |
| Cash Ratio | 0.980 | 0.808 | 1.00 |

- **Profitability Ratios:** Three profitability ratios were analyzed during the covid-19 pandemic:

**4.2.1. Premium Earned Ratio.** The ratio measures the portion of premiums written in a period that is earned during that same period and can essentially be interpreted as how much premium revenue is recognized over a given period. This ratio can be computed by dividing net premium earned to net written premium to measure the portion of premiums written in a period that is earned during that same period. A ratio closer to 1 indicates that a higher proportion of written premiums has been earned, while a ratio less than 1 shows that some premiums remain unearned. Table 2 indicates that nearly all premiums written have been earned. This ratio remained stable over the years as expressed in the very low coefficient of variation of 1.98%.

**4.2.2. The ratio of Net Profit to Net Premium Written.** It is a profitability indicator that measures the percentage of net profit generated from the written premiums a company receives. It is calculated as a company's net profit divided by the net premium written multiplied by 100. A higher ratio indicates greater profitability, reflecting that the company is successfully converting its premium income into net profit. Table 2 shows that on average, more than 50% of the company's net premium written has been converted into income. There was a noticeable decline in this ratio in the wake of the Covid-19 pandemic, however, performance on this indicator remained generally stable after the initial dip, as shown in the coefficient of variation of 6.44%.

**4.2.3. Return on Equity**. The return of equity ratio looks measures the return earned by management on stockholder's investment. It is calculated by dividing net profit by shareholder's equity. As shown in the table below, the results point to a gradual but consistent decline year on year in this indicator during the Covid-19 years before witnessing a slight recovery during the post pandemic year of 2023 to 12.64%. From a stability perspective, this ratio remained highly stable as shown in the coefficient of variation of 6.40%.

**4.2.4. Return on Assets**. This ratio is used in evaluating whether management has earned a reasonable return on assets under its control. A variant of return on assets can be computed by dividing the operating income by total assets. In our analysis operating income replaces net income as interest expense and income tax are determined by factors other than the manner in which assets are used. A higher ratio indicates enhanced efficiency in how the company's assets

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

are being utilized. Analysis of this ratio points to the company's overall growth during the years 2018 to 2023. This can be explained by the company's efficient management of both its property based and its equipment-based assets during the Covid-19 pandemic. This ratio was also shown to possess low level of variability-instability over the years as expressed in the coefficient of variation was 4.18%.

Table 2 also shows the relationships between profitability indicators. Correlation analysis found that premium earned ratio was weakly tied to the company's net profit to net written premium, strongly tied to its return on equity. Conversely, the analysis showed a strong inverse relationship between premium earned ratio and the firms return on property and equipment. Moreover, net profit to net written premium was found to be weakly associated with return on equity. On the other hand, the net profit to net written premium indicator was negative but moderately associated with return on property and equipment. Finally, return on equity was shown to possess a strong, negative relationship with return on property and equipment.

**Table 2: Profitability Analysis**

| Indicators / Year | Premium Earned Ratio | Net Profit to Net Written Premium: % | Return on Equity: % | Return on Property and Equipment % |
|---|---|---|---|---|
| 2018 | 1.02 | 54.60 | 14.48 | 61.78 |
| 2019 | 1.04 | 57.58 | 14.34 | 60.82 |
| 2020 | 1.01 | 63.68 | 13.45 | 62.22 |
| 2021 | 0.99 | 57.03 | 13.22 | 65.60 |
| 2022 | 1.00 | 53.85 | 12.40 | 65.02 |
| 2023 | 1.00 | 54.47 | 12.64 | 67.73 |
| Mean | 1.01 | 56.87 | 13.42 | 63.86 |
| Standard Deviation | 0.02 | 3.66 | 0.86 | 2.67 |
| Coefficient of Variation | 1.98 | 6.44 | 6.40 | 4.18 |
| Minimum | 0.99 | 53.85 | 12.40 | 60.82 |
| Maximum | 1.04 | 63.68 | 14.48 | 67.73 |
| Correlation Analysis | | | | |
| Indicator | Premium Earned Ratio | Net Profit to Net Written Premium | Return on Equity | Return on Property and Equipment |
| Premium Earned Ratio | 1.00 | 0.152 | 0.787 | - 826 |

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

| | | | | |
|---|---|---|---|---|
| Net Profit to Net Written Premium | 0.152 | 1.00 | 0.215 | -.433 |
| Return on Equity | 0.787 | 0.215 | 1.00 | -.841 |
| Return on Property and Equipment | -.826 | -.433 | -.841 | 1.00 |

- **Efficiency Ratios:** Six financial ratios related to efficiency were analyzed as follows:

**4.3.1. Loss Ratio.** The ratio measures the amount losses that the insurance firm experienced, in the form of claims paid out, as a proportion of premium income that the firm has earned during the year. This ratio serves as a crucial messenger, potentially communicating to the insurer its underwriting performance and whether the firm is appraising its assumed risks adequately, and as such accurately pricing its insurance policies accordingly. For example, a high loss ratio may indicate that the premiums that the firm offers its clients are priced too low considering the amount of risk that a given policy involves. It can be calculated as follows: Loss Ratio = (Net Claims Incurred / Net Premium earned) multiplied by 100. Table 3 shows that this ratio experienced a high level of fluctuation, signaling a high level of instability-variability in this indicator, as expressed in the coefficient of variation of 40.18%.

**4.3.2. Management Expense Ratio.** This ratio shows the coverage of expense on the gross premium. It can be calculated by dividing management expenses by gross premium. The high ratio indicates less efficiency in managing its gross premium. The analysis shows that this ratio maintained stable levels as reflected in the coefficient of variation of 7.70%.

**4.3.3. Premium Retention Rate.** A higher retention ratio indicates the company is retaining a larger portion of the risk and the associated premium income. It can be calculated as follows:
Retention Ratio = (Premium Retained / Gross Premium) X 100%
While this ratio showed a slight decline during the covid-19 pandemic a high level of stability was generally maintained, as reflected in the coefficient of variation of 5.80%.

**4.3.4. Operating Expense Ratio.** This efficiency-focused ratio can be calculated by dividing operating expenses by net premium earned. A low ratio indicates that a firm has earned its premium with comparatively less operating expenses. While this ratio did see minimal fluctuation during the covid-19 years an overall high level of stability was observed as seen in the coefficient of variation of 7.50%.

**4.3.5. Investment income to Net Profit**. This ratio indicates the contribution of investment income in generating net profit. Calculated by dividing investment income by net profit

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

multiplied by 100, a high ratio translates to a firm at enhanced profitability owing to increased investment income. This indicator wildly fluctuated during the period studied and as a result has a high level of instability as reflected in the coefficient of variation of 30.82%

**4.3.6. Investment Yield Ratio**. This ratio assesses the ability of the firm to generate income using its investments. It can be calculated by dividing investment income by total investments multiplied by 100. A high ratio indicates that a firm has successfully managed its investment portfolio relative to the financial cost of these investments. The analysis below indicates that investment income was highly variable over the years, and this instability naturally affects the resulting yield ratio. Table 3 shows that coefficient of variation indicates the high level of instability-variability of this ratio, 31.06%

Table 3 additionally outlines the relationship between efficiency indicators. Loss ratio exhibited a negative, albeit strong relationship with management expense ratio and operating expense ratio. On the other hand, it was found to be negatively and weakly related to premium retention rate and exhibited a weak association with both investment income to net profit and investment yield ratio respectively. Moreover, management expense ratio was found to possess a moderate relationship with both premium retention rate, and operating expense ratio. Conversely, it was found to be negatively and weakly associated with both the investment income to net profit and the investment yield ratio indicators. As exhibited in table 3, premium retention rate was found to possess a weak relationship with operating expense ratio. Following the trend, It was also has negatively and weakly tied to both the investment income to net profit ratio and the investment yield ratio indicators. Concluding the analysis results, operating expense ratio was negatively and weakly associated with both the investment income to net profit ratio and the investment yield ratio indicators. Finally, investment income to net profit ratio has very strong relationship with investment yield ratio.

**Table 3: Efficiency Analysis**

| Indicators % Year | Loss Ratio | Management Expense ratio | Premium Retention Rate | Operating Expense ratio | Investment Income to Net Profit: | Investment Yield Ratio |
|---|---|---|---|---|---|---|
| 2018 | 15.39 | 6.3 | 71.60 | 14.80 | 4.03 | 1.10 |
| 2019 | 19.58 | 6.1 | 70.40 | 13.86 | 7.39 | 2.04 |
| 2020 | 5.10 | 6.6 | 66.10 | 16.30 | 7.17 | 1.83 |
| 2021 | 11.87 | 5.7 | 64.70 | 15.01 | 4.73 | 1.17 |
| 2022 | 19.22 | 5.8 | 63.30 | 14.40 | 5.04 | 1.23 |

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

| | | | | | | |
|---|---|---|---|---|---|---|
| 2023 | 22.05 | 5.3 | 62.10 | 13.06 | 9.00 | 2.27 |
| Mean | 15.53 | 5.97 | 66.37 | 14.57 | 6.23 | 1.61 |
| Standard Deviation | 6.24 | 0.46 | 3.85 | 1.10 | 1.92 | 0.5 |
| Coefficient of Variation | 40.18 | 7.70 | 5.80 | 7.50 | 30.82 | 31.06 |
| Minimum | 5.10 | 5.30 | 62.10 | 13.06 | 4.03 | 1.10 |
| Maximum | 22.05 | 6.60 | 71.60 | 16.30 | 9.00 | 2.27 |
| Correlation Analysis | | | | | | |
| Indicators | Loss Ratio | Management Expense ratio | Premium Retention Rate | Operating Expense ratio | Investment Income to Net Profit | Investment Yield Ratio |
| Loss Ratio | 1.00 | -0.698 | -0.122 | -0.962 | 0.240 | 0.257 |
| Management Expense ratio | -0.698 | 1.00 | 0.663 | 0.783 | -0.277 | -0.200 |
| Premium Retention Rate | -0.122 | 0.663 | 1.00 | 0.194 | -0.345 | -0.197 |
| Operating Expense ratio | -0.962 | 0.783 | 0.194 | 1.00 | -0.412 | -0.422 |
| Investment Income to Net Profit | 0.240 | -0.277 | -0.345 | -0.412 | 1.00 | 0.987 |
| Investment Yield Ratio | 0.257 | -0.200 | -0.197 | -0.422 | 0.987 | 1.00 |

## 5.0 CONCLUSION AND FUTURE RESEARCH

The objective of our study was to perform a comprehensive analysis of the effect of the Covid-19 crisis to accurately assess exactly how hard of a financial landing was experienced by the National Insurance Corporation of Eritrea Share Company during the years 2018 to 2023. Several important financial indicators were employed to analyze and assess the impact of Covid 19 from sometimes varying perspectives. As liquidity analyses can produce varying impressions of a firm's health from both profitability and efficiency analysis and vice versa, it becomes necessary to avoid the undeserved confidence that focusing strictly one aspect of financial performance produces and judge the financial health of the company from a both a liquidity, profitability and efficiency perspective. This comprehensive approach allows us to produce

  

**ISSN: 3049-3552**

Volume 4 Issue 2, March-April 2026, pp 166-178

results that are conclusive and devoid of mixed signals. The results of analysis of three liquidity indicators reveal that the National Insurance Corporation of Eritrea managed to successfully control the liquidity levels during the pandemic period. While the analyses point to limited areas of instability in the performance indicators, the observed results of the four profitability indicators show that, revenues were mostly affected by the external environment and not by microeconomic factors within their control. Efficiency analyses for the six indicators indicate that the investment revenue ratios and loss ratio exclusively exhibited high levels of instability. Correlation analyses' results indicate either a negative or weak relationship within the group. Two expense ratios were found to be highly correlated. Similarly, the two investment ratios were also demonstrated to be positively connected. Future research should further build on this study to include insurance companies from the wider geographic region and conduct a comparative analysis of the insurance industry on an international scale.

## REFERENCES

Hasibuan AFP. Sadalia, I., Muda, I. (2020) The effect of claim ratio, operational ratio and retention ratio on profitability performance of insurance companies in Indonesia stock exchange. International Journal of Research and Review. 2020; 7(3): 223-231.

Ibrahim, M. (2023) Measuring Financial Performance Based on Operating Cash Flow, The International Journal of Business Management and Technology, 7 (2) 260-264.

Kamau, A.M. Olweny, T. and Muturi, W.M. (2021) Financial Performance of Insurance Firms. Does leverage and liquidity Matter? Evidence from Kenya, Eastern Journal of Economics and Finance, 6 (1) 1-14.

Olaiya, K.I (2025) Impact of Underwriting and Financial Ratios on Profitability: An Empirical Analysis of Insurance Firms, Modern Management Review, 30 (2) 113-127.

Sharif, MD. J. Lily, R.A. and Moniruzzaman, M. (2024) The Impact of Risk Management on the Financial Performance of the General Insurance Companies in Bangladesh, BUFT Journal of Business and Economics, 5, 1-20.

Worku, A.T. Yenefenta, W. B. and Tafere, Z. B. (2024) Determinants of Profitability of Insurance Companies in Ethiopia: Evidence from Insurance Companies from 2011 to 2020 years, Journal of Innovation and Entrepreneurship, 13 (4) 1-19.

Yonali, J.M.D.R. and Ekanayake, N.P.K. (2024) Impact of Financial Ratios on Financial Performance of SRI Lankan Listed Life Insurance Companies: Comparative Analysis of Stable and Unstable Economy, International Journal of Accountancy, December 1-21.

  