

C860360 ECONOMICS

## MAJOR  
KEY WORD: X-EFFICIENCY / LIFE INSURANCE.

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The objective of the thesis is to analyze x-efficiency of Thailand's life insurance industry. X-efficiency is the motivation of the organization management . The research methods include descriptive analysis and regression analysis of x-efficiency index . Pooling data of 12 registered life insurers in the Thailand from 1989-1994 are employed. The data are gathered from Insurance Department , Ministry of Commerce.

For regression analysis, first, we estimate cost functions for 12 life insurers to find out the cost of life insurers associated with x-efficiency for each year . Second, we test the factors determining x-efficiency .

The research findings reveal that advertising expenses, market share and benefit payment ratio significantly determine and negatively x-efficiency of life insurers. Non-admitted assets, investment assets, joint venture, commission ratio, equity ratio and law, however, insignificantly effect x-efficiency. Therefore this study recommends that life insurers should screen for higher quality policies and provide training courses to personnel to have more knowledge for underwriting. Government should closely supervise life insurer to ensure stability of the system and promote better image of insurance industry.

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