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NUANLAOR WONGPINITWARODOM : AN ANALYSIS OF ECONOMIES OF SCALE OF THAILAND'S NON-LIFE INSURANCE INDUSTRY. THESIS ADVISOR : ASST. PROF. CHARUMA ASHAKUL, Ph.D., ASST. PROF. SOTHITORN MALLIKAMAS, Ph.D. 105 pp. ISBN 974-584-457-8

The aim of this research is to analyze the economies of scale of Thailand's non-life insurance industry. This study covers automobile insurance, fire insurance and cargo insurance, each of which is divided into group of small companies and group of large companies.

To analyze the economies of scale, the multiple regression model, defining the average cost as the function of share, retention ratio and total asset per total premium ratio, is employed. Pooling data of 59 non-life insurers from 1987-1991 are used. Furthermore, we test the differences in the cost structure between small companies and large companies.

The research findings reveal that automobile insurance, fire, insurance and cargo insurance no economies of scale. In fire and cargo insurance, there are significant differences in the average cost structure between small companies and large companies. Moreover, more retention leads to lower average cost. While higher asset to premium causes higher average cost marginally in automobile insurance.