“A COMPARATIVE STUDY OF FINANCIAL PERORMANCE EVALUTION OF SELECTED NON- LIFE INSURANCE COMPANIES OF INDIA”

A THESIS

SUBMITTED BY

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DECLARATION BY THE CANDIDATE

I declare that the thesis entitled "**A COMPARATIVE STUDY OF FINANCIAL PERORMANCE EVALUTION OF SELECTED NON-LIFE INSURANCE COMPANIES OF INDIA**" submitted by me for the degree of Master of Commerce is the record of research work carried out by me during the period from December 2023 to April 2024 under the guidance of **Dr. Alpa Joshi** and I assert that the statement made and conclusion drawn are an outcome of my independent, legitimate and original research work. I further certify the work has not formed the basis for the award of any degree, diploma, associate ship, and fellowship, certificate in any other University or other institution of higher learning.

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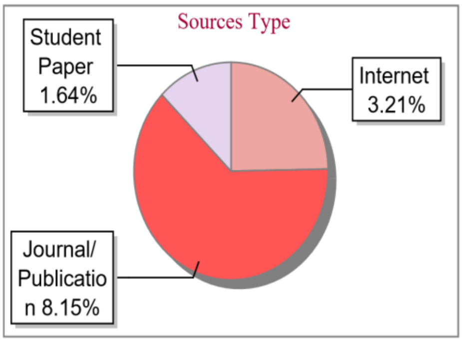

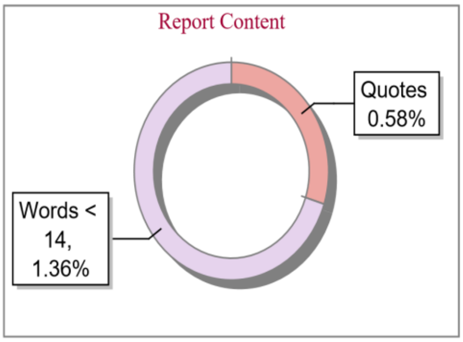

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Date:

Place: Rajkot **ANERI ASHOKBHAI KALOLA**

PREFACE

The non-life insurance sector in India stands as a pivotal player in the country's financial ecosystem, providing essential risk management services to individuals and businesses alike. Amidst the changing regulatory framework, technological advancements, and shifting consumer preferences, non-life insurance companies face numerous challenges and opportunities that demand a thorough examination of their financial performance metrics.

This comparative study delves into the intricacies of financial performance evaluation of selected non-life insurance companies in India. It aims to provide a comprehensive analysis of key financial indicators, assess the efficiency and effectiveness of business operations, and uncover trends and patterns that can offer valuable insights for industry stakeholders, policymakers, and investors. While there exist numerous studies on financial performance evaluation in the broader financial services sector, the unique dynamics of the non-life insurance industry necessitate a specialized approach to understand its nuances and challenges better.

Drawing from a rich array of literature, theoretical frameworks, and empirical research, this study adopts a multifaceted methodology to scrutinize the financial performance of selected non-life insurance companies. By employing quantitative techniques, statistical analysis, and comparative benchmarking, we aim to unravel the underlying factors driving financial performance variations among the chosen companies.

The significance of this study lies in its potential to offer actionable insights and practical recommendations to enhance the financial health and operational efficiency of non-life insurance companies. By identifying best practices, areas of improvement, and emerging trends, this research endeavors to contribute to the overall growth and development of the non-life insurance sector in India.

It is essential to acknowledge the collaborative effort and support extended by various stakeholders throughout the course of this study. From industry experts and academic scholars to regulatory authorities and corporate leaders, their valuable inputs and feedback have enriched the quality and credibility of this research endeavor.

As with any scholarly endeavor, this study has its limitations and constraints. While we have strived to maintain objectivity and rigor in our analysis, the inherent complexities of the non-life insurance industry pose certain challenges in data collection, interpretation, and analysis. Furthermore, the dynamic nature of the financial markets necessitates continuous monitoring and adaptation of methodologies to ensure the relevance and reliability of our findings.

In conclusion, this comparative study of financial performance evaluation of selected non-life insurance companies in India seeks to serve as a reference guide and analytical framework for understanding the intricacies of this vital sector. By fostering a deeper understanding of the factors influencing financial performance, we aim to empower stakeholders with the knowledge and insights needed to navigate the challenges and opportunities that lie ahead.

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CHAPTER 1

INTRODUCTION OF AN INSURANCE INDUSTRY

1.1 INTRODUCTION

The insurance industry has an important economic, social, functions to perform a lending part in the country financial system. This has substantial benefit over most other financial activities in today's business world. Most of the time, it offers long-term financial support to cover the true cost and value of losses, accidents, and damages in all spheres of physical activity, life, and health. Economic and social progress is contingent upon the development of the insurance sector.

It promotes careful expenditure while offering a safety net to both individuals and enterprises. Important banking services are also offered by the insurance sector, which transfers money from policyholders to investments. This creates long-term funding for growth in infrastructure and is needed for the economy to keep growing. The growth of the insurance industry is required to deal with the economy's fundamental shifts.

Since the beginning of the human race, people have needed safety and protection. However, "risk" is something we cannot avoid in our day-to-day lives or commercial transactions. It is a well-known fact that there are numerous dangers in every aspect of life. Property poses a risk of fire. The shipping of products by sea involves some risk. An individual's life is vulnerable to demise or disadvantage; re-risk is directly associated with "ownership." The idea of insurance developed from the owner's wish to protect himself against dangers. The probability of a harmful incident taking place is highly unknown as it could happen or it might not. To put it another way, people's life and goods are never safe and are always in danger of leaving. Getting life and property insurance is an easy way to protect your finances against this danger of loss.

The objective of insurance is to cover the owner from monetary losses brought on by the risks they have accepted. In the insurance industry, individuals who are subjected to similar risks group together to provide little amounts of money to a common fund. Although the identity of those affected may not always be known in advance, the average number of sufferers in a group can be determined.

If there is a danger, the common fund will be used to cover the loss. Therefore, chances are taken by all. In truth, the risk is accepted by the insurance provider in return for a premium that is determined by the likelihood of loss across different parties.

1.2 MEANING OF INSURANCE

Insurance offers monetary security against a loss resulting from the occurrence of an unpredictable event. An individual can obtain this protection by paying an insurance firm a premium. This fund is used to cover any losses incurred by the insured in the event that an unpredictable event occurs.

Contributions made by people looking to shield themselves from shared risk form a pool. Insurance firms handle both the collection of premiums and the trusteeship of the pool. The fact that insurance distributes a small number of people's risk over a sizable group of people who are all exposed to identical risks is a huge benefit. The fundamental idea behind insurance is risk-sharing.

(sources: https:// www.businesstoday.in)

The policyholder "premium" a defined amount pays the insurance company. Under some circumstances, an insurance provider guarantees to pay for the policyholder's loss. The amount insured or the "limit" of your policy is determined by the premiums you pay.

1.3 DEFINITION OF INSURANCE

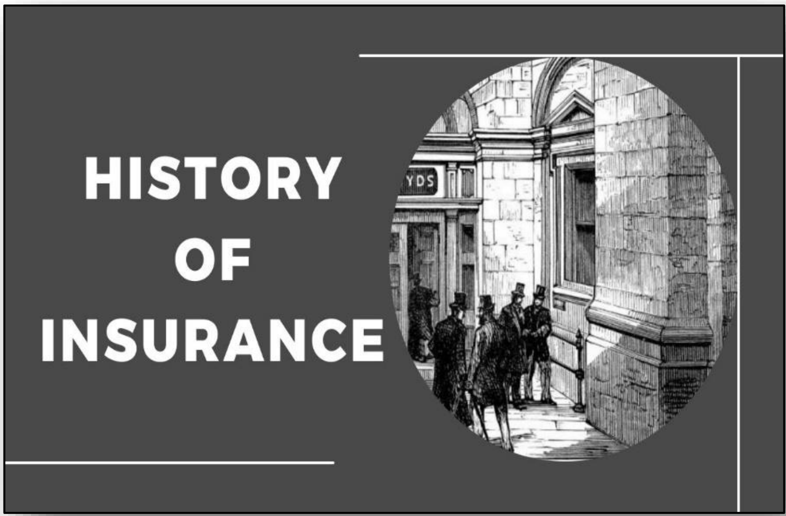
Insurance is a contract of between two parties in which one party approve to undertake the risk of another in exchange for attention known as premium and promises to refund a fixed sum of amount to another party on event of an unsure death or thereafter the expiry of a certain period on condition of life insurance or to indemnify the other party in the event of a general insurance-related uncertain event. The party bearing the risk is known as the 'assurer' or 'insurer' and party whose risk is covered is known as the ‘assured’ or ‘insured’.

1.4 BRIEF HISTORY OF INSURANCE

The origins of insurance can be found in Babylonia (in Iraq), where merchants were incentivized to take on the risks associated with the caravan trade by offering loans that would only be paid back (with interest) after the goods had arrived safely. Early trouble-sharing procedures were regulated by a system of law known as the code of Hammurabi, which was created in the 18th century BC by the Babylonian monarch Hammurabi. Around 1200 BC, seagoing merchants from Phoenicia (located in and around modern-day Lebanon) began utilising a form of insurance called bottomry. Insurance has a long history that dates back to prehistoric times. By covering members' funeral costs and subsequently disbursing money to the surviving, burial clubs were utilised by the Romans as a type of life insurance. This practice was similar to that of a battery and was made official by the Code of Hammurabi. Under this arrangement, lenders provided loans to traders in order to fund expeditions. By 500 BC, the bottomry insurance system was well-known throughout Asia and the Mediterranean.

A comparable technique was used by the Greeks and Phoenicians for their maritime trade. The mediaeval guilds took on the responsibility of protecting its members from being lost in fires and shipwrecks, of having their lives taken by pirates and paying for a respectable funeral and assistance during times of illness and hardship as towns and trade expanded throughout Europe. As demonstrated by the oldest insurance contract ever discovered (Genoa, 1347), marine insurance was essentially commonplace among the European maritime nations by the middle of the fourteenth century.

The Great Fire of London, which destroyed 14,200 homes in 1666, is credited with establishing insurance as we know it today. Nicholas Barbon founded a building insurance office following this catastrophe. Lloyds developed into one of the first contemporary insurance companies by the end of the 18th century. He founded England's first in 1680. Joseph Dodson's 1756 correction to the table allowed the premium rate to be age-scaled; before, it was the same for all ages. Brick and frame houses are insured by The Fire Office, a fire insurance firm Based on compound interest and the statistical principles of mortality, astronomer Edmond Halley created the first mortality table in 1693.



(sources: https:// www.youtube.com)

Founded in 1732 in what is now Charleston, South Carolina, Charles Town was the home of the nation's first insurance firm, which underwrote fire coverage. The idea of loss sharing originated as a result of an increase in loss frequency as civilization advanced. Loss of profit insurance was a practice used by the Aryans through their village co-ops. Based on an alternative perspective, life and fire insurance are the next oldest kind of insurance, then marine insurance. According to the Manu code, traders from India engaged in maritime insurance with people from Egypt, Greece, and Sri Lanka. The first insurance transaction as we know it today originated with the Lloyd ‘s coffee house in London, agree to share losses to goods during transportation by ship.

1.5 NATURE OF INSURANCE

A. Contract agreement

Insurance is a contract agreement between the insured party (the policyholder) and the insurer (the insurance company) accepts his offer. This contract agreement referred to as an insurance policy, contains the precise terms, conditions, information about the coverage It provides clarity on the extent of coverage and the duties that each party must carry out in accordance with the provisions of the contract that outlines the rights and obligations of both parties.

B. Risk sharing and Risk transfer

Insurance is an economic and social device for division of financial losses which may on an individual or his family on the happening of some unforeseen events. Policyholders refund a premium to the insurance company in exchange for coverage on specified risks.

C. Co-operative Device

Insurance is a cooperative device one and one for the basis cooperation. The insurance is a system biggest member of persons to he is able to pay the money of loss a same as risk in insurance are covered and the risk is circulated over among the biggest insurable people. than the insurance is a economic and social or cooperative system in losses of one is given birth to the society.

D. Protection of financial risks

An insurer is protected from financial risks which can be measured in terms of amount. As such insurance compensates only financial or monetary loss or risks. This involves using financial instruments, spreading out your assets, allocating suitable reserves, and putting plans in place to protect the company's cash flow.

E. Substantial quantity of policyholders

The success of insurance business depends on the substantial quantity of policyholders insured against similar risk. This will allow the insurer to disperse the risk losses among many people, hence maintaining the lowest possible premium rate.

F. Significance of risk

To ensuring the topics matter of the insurance contract, the risk is evaluated in order to determine the money of premium to be charged on the insured. Several systems are being adopted to evaluate the risks involved in the subject matter. If there is an expectation of heavy loss, costly premiums will be charged. Hence the likelihood of a loss occurring is determined at the time of insurance.

G. Actuarial science

Actuarial science is used by insurance firms to determine reserves, set premium rates, and evaluate risks in order to make sure they can refund their receipt.

Actuaries forecast and manage future occurrences, such as claims and other financial liabilities, by analyzing statistical data and actuarial copy.

H. Payment at possibility

Only in specific circumstances may an insurer be required to compensate the insured parties. When it comes to life insurance, the contingency—death or term expiration—will undoubtedly happen. The life insurer must make the promised payment in certain circumstances.

I. Insurance is not a foundation

In the context of insurance, the insured pays the premium to the insurer in exchange for future payment, whereas foundation refund out without regard.

J. Insurance for Pure Risk only

Pure risks give only losses to the insured, and no profits. Examples of pure risks are accident, death, burn, injustice, etc., which are all the sided risks and the ultimate results in loss. Only policies against pure risks not against speculative risks are issued by insurance companies. Profits or losses are possible with speculative risk.

1.6 FUNCTIONS OF INSURANCE

In current worldwide, insurance has become highly useful. In this competitive age, it is really important. It is important to understand how insurance works. Three categories can be used to categories the functions of insurance.

1) Primary Functions
2) Secondary Functions
3) Indirect Functions

(Figure 1.1 Functions of insurance)

Primary Functions

A.To provide security
B.To provide confidence
C.Risk sharing

Secondary Functions

A.Promote economic development
B.It Prevents Losses

Indirect Functions

A.A Forced Savings
B.Facilitation of Foreign Trade
C.Miscellaneous

(Source: Self Constructed)

1. **Primary Functions**

   A. To provide security

   Providing security from the danger of loss is the primary purpose of insurance. Payment for harm or losses is one way to verify the reality of the unfortunate event.

   B. To provide confidence

   We know the future be situated totally uncertain. Any misfortune happening may occur at any stage of life. Both the total loss and the duration of the loss are unknown. certainly, improved administration and planning can lower the likelihood of these kinds of incidents, but doing so requires close attention to strengths and flaws, particular skills in the area, the level of risk continues despite any of these safety measures. Insurance offers protection against losses without a doubt.

C. Risk sharing

This is the collaborative effort of risk sharing between groups of people. Therefore, you do not have to bear the losses caused by uncertainty.

2. Secondary Functions

A. Promote economic development

A vital component of economic growth is insurance. It offers manufacturers the highest level of assurance regarding potential dangers. Manufacturers are able to focus more on profitable production processes and innovation. They shouldn't make you consider the risks involved. Within the environment, businessmen have the power to launch new businesses.

B. It Prevents Losses

Insurance plays an important role in preventing loss. You can keep insurance premiums to a minimum by using equipment such as fire 12 extinguishers. You will win greater amounts of cash if you use a house machine that might give you bad luck. Therefore, insurance indirectly contributes to lowering the likelihood of risk. Useful for institutions directly related to the same function, such as:

a) Loss prevention association of India.

b) The salvage crops of loss prevention association of India.

c) Survey and inspection of risks, etc.

3. Indirect Functions

A. A Forced Savings

In India, life insurance is another way to save money. The government plans to instill in the people a practice of saving money, which is why the Income Tax Act provides time off from paying income taxes. Promote people's Saving and charitable practices. Therefore, it becomes a compulsory savings for the public.

B. Facilitation of Foreign Trade

Shipping insurance is required for foreign trade in India. Only fully insured goods may be issued with a foreign commerce certificate by a foreign national. This foreign trade is totally depending upon the insurance sector of the nation. It relieves business owners of the risk connected to international trade.

C. Miscellaneous

Security against risks in business is offered by insurance. The trust of the public is the result of that. It is one of the main funding sources for the growth of trade and the economy of the nation.

1.7 TERMINOLOGIES USED IN INSURANCE

1. Insured

The term "insured" refers to the entity or person who requests insurance for a particular task and is qualified to get money from the insurer should the stated event develop. In general, an insured is a person who holds an insurance coverage.

2. Insurer

A policyholder is a person or entity that undertakes the payment of the insured in the event that an incident occurs. An insurance firm is the insurance company.

3. Recipients

The recipient is the individual or person to whom the proceeds of the insurance will be paid to in the case of a death or happening of any condition.

4. Contract

A contract is a formally binding agreement between two or more parties.

5. Insured amount

The insured sum, often known as the policy amount or the original value of the policy, is the amount for which the risk is insured. This represents the insurer's highest responsibility to the insured.

6. Premium

The premium is the amount paid by the insured to the insurer in consideration of the policy. The cost of an insurance policy is what you can choose to pay on a monthly, quarterly, yearly, annually or on a regular schedule.

7. Notable instance

A risk that is specifically removed from a policy's coverage has been referred to as a special case.

8. An underwriter

An insurer an officer of an insurance company whose primary function is to take risks.

9. Exception

Threats specifically included from the scope of the terms of the policy are exception.

10. Threat

A risk is something that could harm someone or their property by fire, windstorm, explosion, collision premature death, sickness, floods, dishonesty etc.

11. Risk

Hazard is a condition that may create, Increase or reduce the likelihood to experience a loss from a specific risk.

12. Exposure

A measure of physical risk is called contact. Due to both corporate and personal weaknesses, owners of business assets may suffer losses in both money and personal effects.

13. Loss probability

It is the likelihood that a loss will take place in any given number of. The maximum probability of failure is 50%, indicating a complete certainty of failure. The degree of risk is equally zero when there is no chance of loss.

14. Reinsurance

In order to lower his own commitment to an amount that he can bear for his own account in keeping with his financial resources in the event of loss, the original insurer uses a technique known as insurance, whereby all or part of the risk he has accepted is transferred to another company or companies.

15. No demand Bonus

No damage is reported during the contract period when the insurance premium is set as an insurance premium, and no claim insurance premium corresponding to the insurance period of motor insurance occurs after the prompt additional time. The normal bonus rate is up to 60%, however it varies relating on the non-life insurance firm.

16. Policy insurance

An unstamped document issued by or on behalf of an insurance company as proof that the issuance of the policy is pending.

17. Condition

clauses added to a policy that choose, reserve, or expand freedoms and responsibilities.

1.8 FUTURE OF INSURANCE

1. **Digital transformations**

   There is a major technological shift taking on in the insurance sector. Insurance companies are taking on modern technologies like the distributed ledger, Internet of things also l known as AI and machine learning to improve risk assessment, improve operations and improve client experiences.

2. **Cyber insurance**

   The need for cyber insurance will continue to grow as online risks become more common and severe. Insurance companies will have to create complicated strategies to handle the changings risks related to cyberattacks.

3. **Customer experience and personalization**

   As a result, insurers are focusing on increasing client experiences. This includes offering an easy digital experience for the duration of the client journey, using robots for customer support, and providing modified policies.

4. **Usage based and on demand insurance**

   More flexible and changing models are taking over the standard fixed-term insurance policy concept. On-demand insurance, in which coverage can be enabled or deleted as needed, and usage-based insurance, in which rates are based on actual usage or actions, are both becoming more and more common.

5. **Regulatory changes**

   The insurance business is subject to severe effects from changing regulatory frameworks. The way insurers conduct business and provide their products may be impacted by changes to regulations pertaining to data protection, consumer rights, and developing risks.

6. **Data driven decision making**

   Large volumes of data have become available, which is helping insurers make better choices. To better identify and market risks, insurers can make use of data from a variety of sources, such as social networks, AI devices, and outside databases.

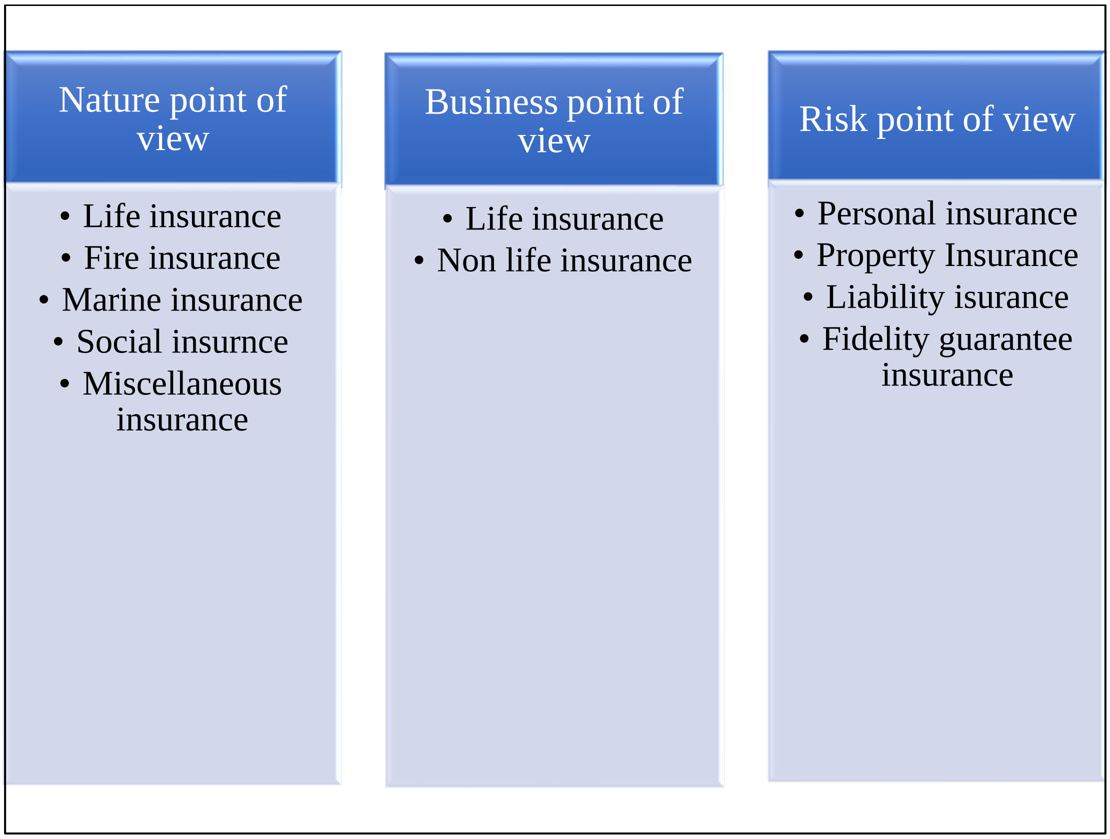
1.9 TYPES OF INSURANCE

While the number and scope of the risks that can be insured have expanded as a result of the increased complexity of the current economic system, insurance plays an important part in the modern world. It plays an important role in the life of every citizen and has developed to a very large extent, leading to the development of many different types of insurance.

The practices of insurance companies and the impact of laws governing the conduct of insurance business have resulted in the many forms of insurance. In general, insurance can divide into the following groups

Basis for Insurance Classification

(Figure 1.2 Types of insurance)

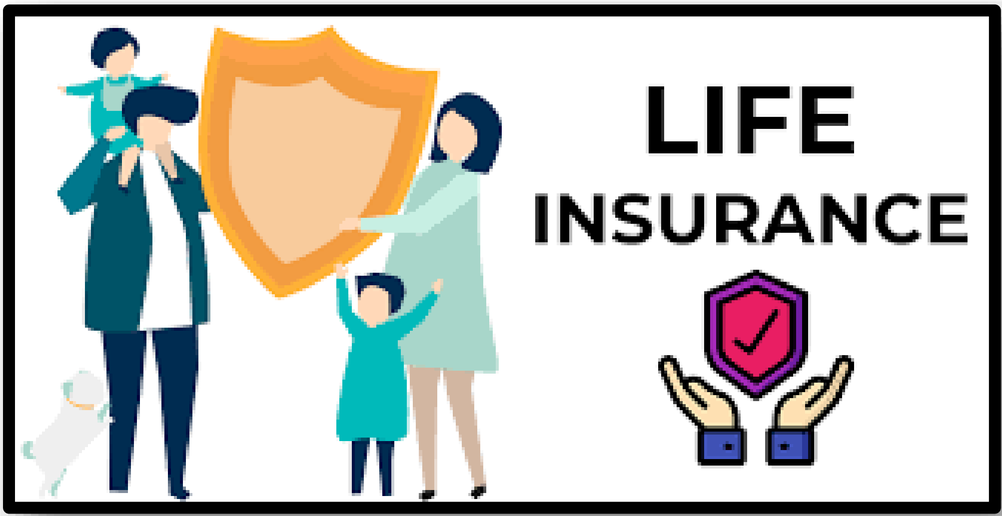


(Source: Self Constructed)

1.9.1 LIFE INSURANCE IN INDIA

In India, insurance started with life insurance. Life insurance in its modern form came to India from England in the year 1818. Oriental life insurance company started by

Europeans in Calcutta was the first life insurance company on Indian soil. Following their time in India in the nineteenth century, the Bruisers decided they needed life insurance. English companies such as The European and the Royal were the first. 1870 Bombay mutual life assurance society, the first Indian life insurance company started its business. A life insurance policy is a contract that provides payment to the policyholder or his representative in the event that the covered event happened. A contract known as life insurance or insurance for life is made with an insurer and a policy owner, or policyholder, under which the insurer agrees to pay benefits to the specified benefit or recipients in the event that an incident insured that is covered by the policy happened. To be considered a life policy, the insured event must be related to the life of the people stated in the policy.



(sources: https://www.geeksforgeeks.org)

In exchange, the policy payer chooses to pay a specified amount called a premium at regular times or in lump sums. The insured sum may be paid under the terms of the contract on the date of development, on specified dates at regular intervals, or in the event of an unexpected death, if it happens before then. Most life insurance policies offer Growing up Benefits to you upon the policy's conclusion. One of the biggest barriers to the broad understanding of life insurance is a lack of awareness. Following the Swadeshi Movement in India in the early 1900s, a significant number of Indian businesses developed across the nation to do insurance business. Such them include the following: Bombay Life, New India, and Jupiter in Mumbai; Hindustan Co-operative and National Insurance in Kolkata; United India in Chennai; and Lakshmi life Insurance in New Delhi.

1.9.1.2 MEANING OF LIFE INSURANCE

A contract involving an insurance policy holder and an insurance company that provides the insurer will pay a particular sum of money in return for a premium upon the insured person's death or after a particular period of time is known as insurance. You receive a life cover from ICICI Prudential Life Insurance in exchange for paying premiums for a specific term. This life insurance protects your loved ones' future by providing a lump sum payment in the event of an unexpected situation. At the conclusion of the policy period, you may receive payment known as the Maturity Benefit under specific insurance policies.

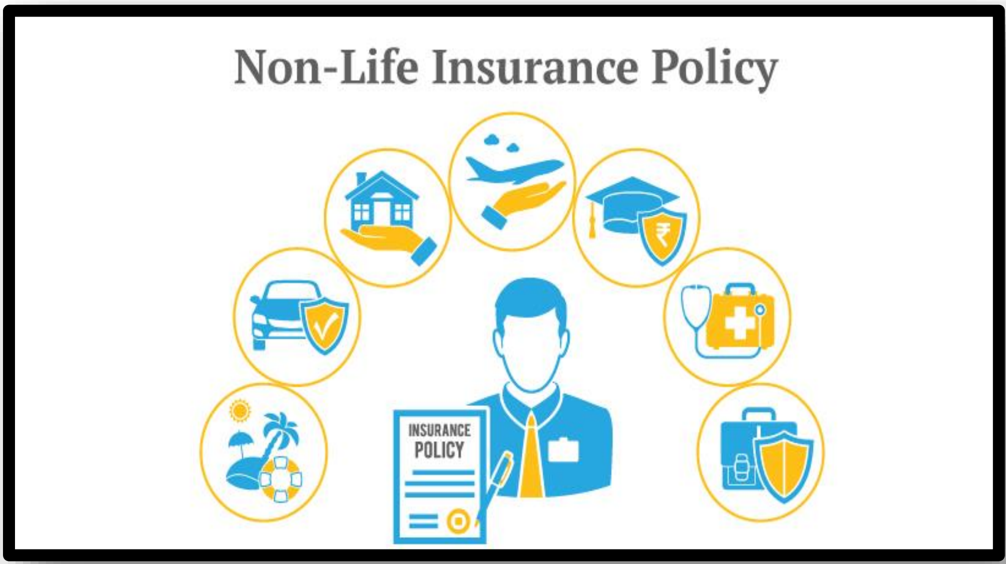
One of the primary challenges to the large understanding of life insurance is a lack of awareness. Some people are also confused by the variety of insurance packages that are available. However, the majority of life insurance policies operate in the same way.

1.9.2 NON-LIFE INSURANCE

An insurance policy serves as a legally binding agreement between an individual seeking insurance coverage and an insurance company. It outlines the key aspects of the insured property, the risks that are covered by the insurance, and the terms and conditions of the insurance agreement. Since the policy is a written contract between the involved parties, it must adhere to the fundamental requirements of a valid contract.

- Offer and agreement
- lack of fraud
- principals' capacity
- consideration

Damage insurance is a type of liability insurance that provides coverage for potential damages or losses. Fire insurance, on the other hand, specifically covers fixed objects against the risk of fire damage. Marine insurance is designed to protect mobile assets, such as ships and cargo, during sea voyages. A bond is a specialized type of insurance that serves as a guarantee for the performance of a contract between two parties. It ensures that one party will fulfill their obligations as agreed upon. Accident insurance encompasses both accident insurance and health insurance, in addition to the previously mentioned categories. It provides coverage for injuries and medical expenses resulting from accidents or illnesses.



(sources: https://www.canarahsbclife.com)

Other Insurance Business refers to all other general insurance policies, including automobile insurance. This category encompasses various types of insurance coverage not specified in the previous categories. The General Insurance Business (Nationalization) Act was enacted in 1972 to regulate and govern the general insurance industry.

Overall, these different types of insurance serve specific purposes and provide coverage for various risks and liabilities. The General Insurance Business (Nationalization) Act of 1972 played a significant role in the regulation of the general insurance sector.

Beginning in the fourth century BC, Mediterranean traders were also involved in the practice of insurance by issuing bottom bonds, which are advances of funds for a ship's duration that are repaid upon arrival. The practice of shipping insurance by an Indian with their alternatives in Egypt, Greece, and Sri Lanka is also mentioned in the Code of

Manu. The first kind of insurance is marine insurance, which dates back to the 12th century in England.

1.9.2.1 IMPORTANCE OF NON-LIFE INSURANCE

Insurance provides two purposes. Both risk transfer and risk minimization are offered by insurance. Companies that offer insurance to groups of traders who wish to insure their assets against fire damage pay premiums. Insurance companies reimburse businesses that suffered financial losses due to fires using the premiums they have collected in this manner. Hence, a select few who experience losses have had their losses covered by the collective contribution of all of these policyholders. In many respects, insurance also acts as a risk control tool. On the one hand, bundles were used to transfer individual risks to insurance firms.

All business encounter various risks and uncertainties related to its facilities, plants, machinery, raw materials, finished products, and more. These risks can include damage or loss of goods during transit, destruction by fire or flood during storage, and other unforeseen events. In fact, risk and uncertainty are inherent in business operations. While some risks can be mitigated through timely precautionary measures, others are unavoidable and beyond the control of entrepreneurs. Insurance serves as the best defense against these types of risks. By providing protection against at least some of these risks, the insurance industry helps businesses better manage their risks and build capital for the economy. When entrepreneurs transfer their risks and uncertainties to insurance companies, they can focus on their core activities of running the business. Insurance companies also contribute their experience and expertise in risk management, adding value to their customers' business processes. By pooling resources and spreading the burden of losses across a larger group, insurance enables businesses to mitigate the financial impact of unexpected events. It allows for the transfer of individual risks to insurance companies through various types of policies, including property insurance, liability insurance, accident insurance, and health insurance.

1.9.2.2 FEATURES OF NON-LIFE INSURANCE

1. The total amount coverage, as stated in the policy, represents the insurer's total responsibility for losses made throughout the policy period. The available sum insurance may be specified by the insurer.

2. A non-life insurance plan usually has a year to complete policy length. According to the kind of insurance, the period may extend.
3. The insurance company doesn't cover the whole cost of any demand. The small amount that the policyholder must pay is known as the premium.
4. A discount known as the Bonus for No Claim is given to the policyholder under a general insurance policy if no claims are filed. This is a continuous discount on the policy premium that rises to a predetermined maximum.
5. The policy's payment is paid in full forward to the insurance company issuing the coverage. The company calculates the risk connected with each insurance application based on the type of coverage needed. When providing health insurance, for instance, considerations will be given to an individual's age, medical history, and present state of health prior to policy issuance.

1.9.2.3 TYPES OF NON-LIFE INSURANCE

A. Marine insurance

According to the Insurance Act of 1938, marine insurance encompasses the insurance of goods, cargo, and other legally insurable interests related to vessels, cargo, and cargo. This includes the underwriting of insurance contracts for various types of vessels, such as commodities, merchandise, and any kind of property insured for transportation by land, sea, or both. It also covers storage or similar risks that may be included alongside transportation, as well as all other customary risks associated with maritime transportation. This insurance provides coverage for a wide range of risks involved in maritime transport.

B. Fire insurance

Fire insurance is a widely popular type of insurance that provides coverage for the risk of fire and the resulting damage. Despite the implementation of various preventive measures, the risk of fire and the potential damage it can cause continues to increase. Fire insurance is specifically designed to cover losses and damages caused by fire. According to Section 2(6A) of the Insurance Act of 1938, fire insurance is defined as a business that provides insurance coverage against loss from fire or other events typically included in the risks insured by fire insurance. A fire insurance policy covers the risk of damage caused by fire and may also include additional coverage against smoke or water damage resulting from a fire. The policy must clearly state the goods or assets that are insured, and the damage must be inflicted on the insured property. It's important to note that fire insurance policies do not cover losses related to fires set deliberately, and they only cover losses directly related to a fire. If a property suffers loss or damage from another cause, it would not be covered by fire insurance. Fire insurance policies are usually effective for one year and can be renewed by the homeowner under the same terms as the original policy. While homeowners' insurance typically includes coverage for damage caused by a fire, a standalone fire insurance policy may provide more extensive coverage specifically tailored to fire-related risks. fire insurance is a type of insurance that provides coverage for losses and damages caused by fire. It is an essential tool in mitigating the financial impact of fire-related incidents and is commonly used to protect property owners against fire risks**.**

C. Health insurance

The expression "health is wealth" definitely applicable to the fast-paced world of today. A person's condition not only results in financial damage but also causes them and their families a great deal of suffering. "Individual or group health insurance for which premiums are paid in advance" is the narrow definition of health insurance. More generally, this refers to any policy that assists in postponing, reducing, removing or otherwise lessening the amount that households and individuals must pay for medical care.

The reasons for the rise in health care costs are:

1. Cost increases for medical care.
2. The development of medical devices through technology.
3. Expensive wages.

D. Agriculture insurance

The agricultural industry has increasingly become a high-risk business, as it is exposed to both controllable and uncontrollable risks. Controllable risks in agriculture include pests and diseases, which can be managed through various preventive measures and interventions. On the other hand, uncontrollable risks encompass natural hazards like rainfall, extreme temperature conditions, and strong winds, which are beyond the control of farmers. Agricultural insurance plays a crucial role in mitigating the economic hardships faced by farmers. It provides them with insurance coverage that protects their crops in the event of a natural disaster or extensive damage caused by pest infestation, plant diseases, or unpredictable weather conditions. The primary objective of agricultural insurance is to provide farmers with financial support when one of their reported crops fails due to these adverse circumstances. By offering insurance coverage, farmers can receive compensation or assistance to recover from the losses incurred. This helps to stabilize their income and mitigate the financial burden caused by crop failures. Agricultural insurance acts as a safety net for farmers, allowing them to continue their operations and sustain their livelihoods even in the face of unexpected challenges. It provides a sense of security and encourages farmers to invest in their agricultural activities without the fear of significant financial losses.

E. Accident Insurance:

Accident insurance provides cash benefits to policyholders when they are injured as a result of an accident. This insurance helps the policyholder pay hospital and medical bills in the event of an accidental injury, but provides cash benefits to the family if the policyholder dies in an accident. This insurance, which is valid 24 hours a day, 365 days a year, is commonly referred to as personal accident insurance.

F. Personal Liability Insurance

Security from statutory responsibilities resulting from the insured's private actions is offered by personal liability insurance. If a third party is harmed or damaged, the insurance company will cover the expense of legal action up to the insured amount. Personal liability insurance covers the majority of other personal activities, excluding professional liability and legal liability resulting from traffic accidents. Property damage and physical harm brought on by the insured's actions are covered by personal liability insurance.

G. Automobile insurance

With auto insurance, the insured and the insurance provider enter into a contract whereby the insurer agrees to pay the insured's financial liabilities in the event of a claim. The principal purpose of the Motor Vehicles Act 1939 was to maintain the rights of individuals. "No person shall use a motor vehicle in public places or allow another person to use a motor vehicle, unless the vehicle is covered by insurance," states Article 24 of the Motor Vehicle Law.

H. Terrorism insurance

Terrorism poses many challenges to the global insurance industry. The potential for very high losses from terrorism today is greater than it was in the last decade. Insurers struggle to price terrorism insurance because of the uncertainty that comes with risk. Also, data on terrorist groups and their activities are generally not disclosed by governments for national security reasons.

I. Microinsurance

Microinsurance is a type of insurance that offers affordable premiums and coverage limits. It is a financial arrangement specifically created to provide protection for individuals with low incomes against specific risks. In return for regular premium payments, which are determined based on the likelihood and cost of the risks involved, microinsurance offers a safety net against these hazards.

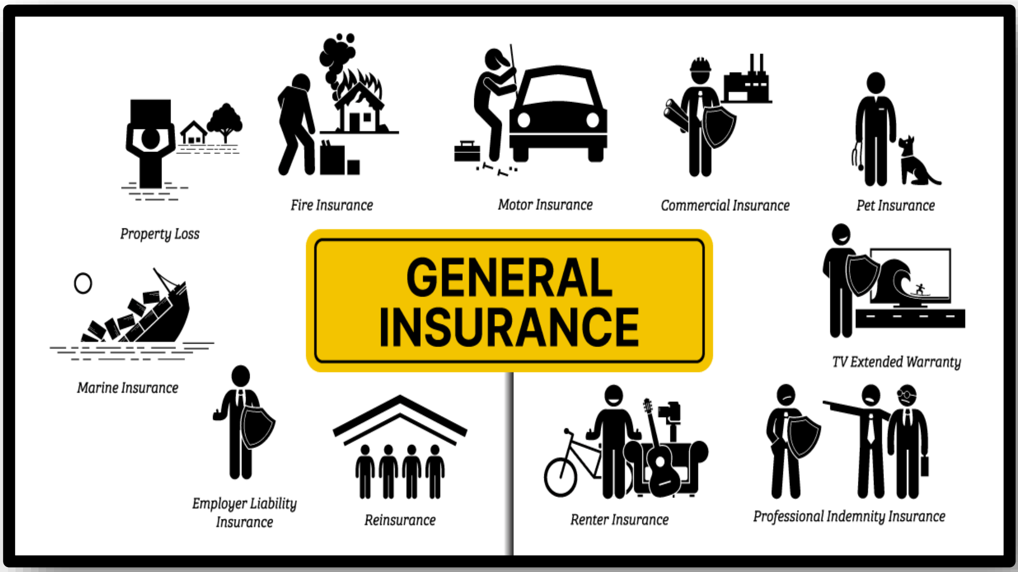
J. Terrorism insurance

Numerous challenges are presented by terrorism to the international insurance sector. Today's terrorism has a higher potential for really large damages than it did ten years ago. Since there is uncertainty associated with risk, insurers find it difficult to set a price for terrorism insurance. Additionally, governments typically withhold information on terrorist organizations and their operations for reasons related to national security.

K. Workers' Compensation Insurance

India implemented the Workers' Compensation Act in both 1934 and 1946. This legislation mandates that employers must provide compensation to employees who sustain injuries or develop occupational diseases during the course of their employment. To fulfill this obligation, employers have the option to secure insurance coverage, which can assist in covering the associated liabilities. Typically, premiums for this insurance are determined based on the employees' wages. The Workers' Compensation Act is also commonly referred to as business liability insurance.

(Figure 1.3 Types of Non-life insurance)



(source: https://www.acko.com)

1.9.2.4 DURATION OF THE NON-LIFE INSURANCE CONTRACT

The non-life insurance policies may be issued for

1) A short period
2) A period of one year
3) Long term policies

1) A Short period

Insurance issued for less than a year is referred to as short-term insurance. These are the rules that businessmen who deal with seasonal crops like cotton and jute usually follow.

These regulations only take effect for a limited time, and there is no clause 22 that allows them to be continued. Additionally, greater premiums are imposed in instead of prorated rates. Because it is sometimes taken while the danger is considerable, this is known as the short-term scale.

2) A Period of one year

The majority of insurance policies are issued on an annual basis and are commonly referred to as annual policies. These policies come with provisions for updates and revisions. In certain cases, policies can be prorated to adjust the renewal date to a specific date that is mutually convenient for both the insured party and the insurer.

3) **Long term policies**

Insurance contracts that have been issued for more than two years are termed long term insurance contracts. They are issued for completion of major projects, loss of housing and buildings under construction, and junta passenger accident insurance.

If you have every year insurance, you can keep it for one more year. The insured must pay the premium and the insurer must accept it in order for the extension to be in effect. Both sides have to accept. The Policy is going to end on the Policy Expires Date if this clause is not met. Please be conscious that the revisions to the policies represent a new contract. Any changes to the items or other terms will be considered a new offer, and the insurer will need to accept the changes.

An offer to renew is provided by an insurance company by requesting the insured to renew through a renewal notice and the insured must pay a premium or the offer to renew the policy is made by the insured. provided by the insurer and must be accepted by the insurer by renewing the contract. policy. It is common practice for an insurance company to agree to renew a policy by sending a renewal notice with the premium well in advance of the premium expiry. However, the insurer is under no obligation to send an extension notice. If the insured has not received a renewal notice, the insurer may offer the premium to the insurer, which the insurer may accept or decline at its discretion.

1.10 INSURANCE COMPANIES IN INDIA

A. LIFE INSURANCE:

(Table 1.1 Life insurance companys)

Sr.no.	Name of company
	Public sector company 1. Life Insurance Corporation of India **Private sector company** 1. Aditya Birla Sun Life Insurance Co. Ltd 2. Aegon Life Insurance Co. Ltd. 3. Ageas Federal Life Insurance Co. Ltd. 4. Aviva Life Insurance Co. Ltd. 5. Bajaj Allianz Life Insurance Co. Ltd. 6. Bharti AXA Life Insurance Co. Ltd. 7. Canara HSBC Life Insurance Co. Ltd.* 8. Edelweiss Tokio Life Insurance Co. Ltd. 9. Exide Life Insurance Co. Ltd. 10. Future Generali India Life Insurance Co. Ltd. 11. HDFC Life Insurance Co. Ltd. 12. ICICI Prudential Life Insurance Co. Ltd. 13. India First Life Insurance Co. Ltd. 14. Kotak Mahindra Life Insurance Co. Ltd. 15. Max Life Insurance Co. Ltd. 16. PNB MetLife India Insurance Co. Ltd. 17. Pramerica Life Insurance Co. Ltd. 18. Reliance Nippon Life Insurance Co. Ltd. 19. Sahara India Life Insurance Co. Ltd. 20. SBI Life Insurance Co. Ltd. 21. Shriram Life Insurance Co. Ltd. 22. Star Union Dai-Ichi Life Insurance Co. Ltd. 23. TATA AIA Life Insurance Co. Ltd.

(sources: https://www.google.com/search?q=irda+annual+report+2021-22

B. NON-LIFE INSURANCE

(Table 1.2 Non-life insurance company's)

Sr.no.	Name of company
	Public sector company
	1. National Insurance Co. Ltd.
	2. The New India Assurance Co. Ltd.
	3. The Oriental Insurance Co. Ltd.
	4. United India Insurance Co. Ltd.
	Private sector company
	1. Akko General Insurance Ltd.
	2. Bajaj Allianz General Insurance Co. Ltd.
	3. Cholmondeley MS General Insurance Co. Ltd.
	4. Edelweiss General Insurance Co. Ltd.
	5. Future Generali India Insurance Co. Ltd.
	6. Go Digit General Insurance Ltd.
	7. HDFC ERGO General insurance Co. Ltd.
	8. ICICI Lombard General Insurance Co. Ltd.
	9. IFFCO-Tokio General Insurance Co. Ltd.
	10. Kotak Mahindra General Insurance Co. Ltd.
	11. Liberty General Insurance Ltd.
	12. Magma HDI General Insurance Co. Ltd.
	13. NAVI General Insurance Ltd.
	14. Raheja QBE General Insurance Co. Ltd.
	15. Reliance General Insurance Co. Ltd.
	16. Royal Sundaram General Insurance Co. Ltd.
	17. SBI General Insurance Co. Ltd.
	18. Shriram General Insurance Co. Ltd.
	19. Tata AIG General Insurance Co. Ltd.
	20. Universal Sompo General Insurance Co. Ltd.

(sources: https://www.google.com/search?q=irda+annual+report+2021-22)

1.11 CONCLUSION

This chapter provides an overview of the insurance sector. This chapter describes the introduction of insurance including a range of insurance terms such as insured risk, insurer, beneficiary, management etc. This chapter also traces the history of non-life 23 insurance not only in India but also in the world. Reasons and definitions of insurance, meanings and functions of general insurance.

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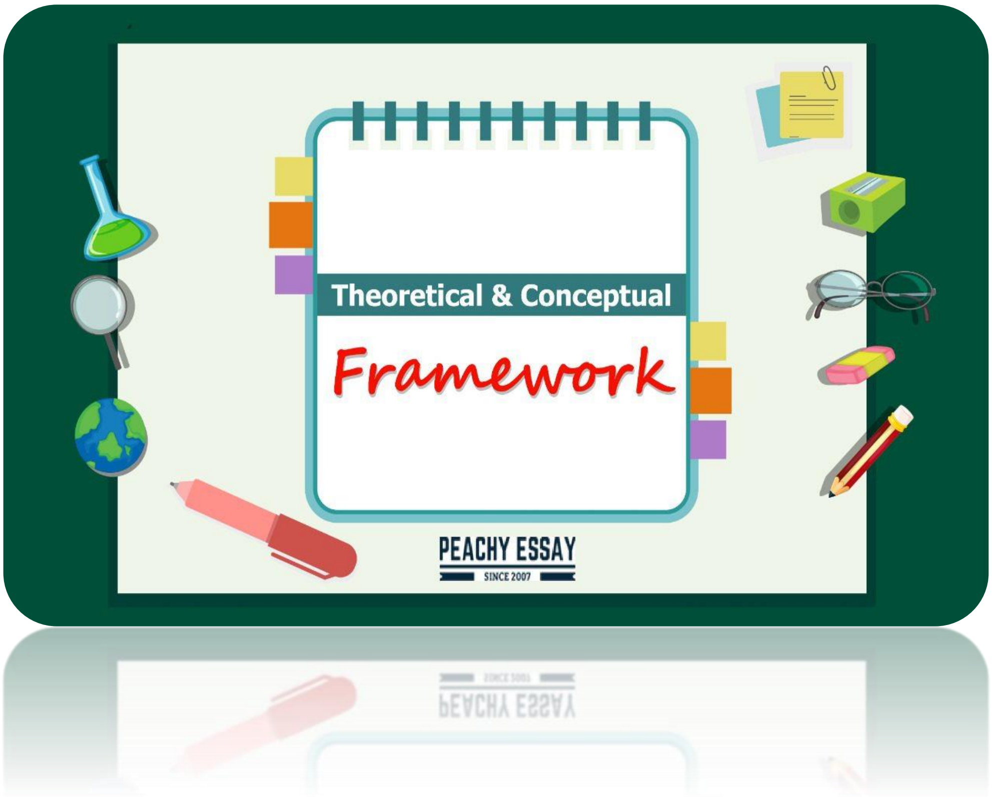
CHAPTER 2

CONCEPTUAL FRAMEWORK OF FINANCIAL PERFORMANCE



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2.1 INTRODUCTION

Financial Performance is a moment in time that captures a company's state of worry and strength in an ever-changing environment. It serves as a template for the company's financial affairs and displays how a company succeeded under management staff guidance. Indeed, one may argue that the best way to assess the effectiveness of management is through financial performance.

The main objective of business is to generate profitable returns on the capital invested. In keeping with maintaining a sound financial foundation, an assessment of such performance is carried out to gauge the profitability or operational effectiveness of the company and to evaluate its financial standing in relation to a similar concern.

Therefore, the evaluation of a company's liquidity, support, and profitability—all of which combined represent the financial performance of a concern—is generally the focus of financial performance analysis.

2.2 CONCEPT OF PERFORMANCE EVALUATION / EFFICIENCY

Performance evaluation and the honesty of an organization's overall operational system are closely connected. "Efficiency is a technique to evaluate past, current, and projected performance of a concern," states Sudha Nigam. It is an effective tool when used to analyses, quantify, evaluate, properly consider, and make results.

Efficiency is performed out by many specialists that look into the particular issue with their business. Efficiency can be classified into two categories: (1) internal and (2) external.

As per Pitt Francis, the internal efficiency of a corporation incorporates not only the availability of appropriate human, physical, and financial resources but also their effective use.

Efficiency, then, refers to the assessment and operation of a concern that is part of the evaluation. Efficiency is described as "the successful completion of or a capacity to complete a job with a minimum expenditure of time and effort" by the Oxford Dictionary. It speaks of the within processes that result in output. It focuses on how to get from point A to point B. According to Peter Drucker, "efficiency comes from doing things the right way."

2.3 OBJECTIVES OF FINANCIAL PERFORMANCE EVALUATION/ EFFICIENCY

A method to assess a company's past, present, and future performance is financial efficiency. Financial statement analysis is typically the focus of talks on financial efficiency. Any type of comprehensive financial data might be subject to this study. This analysis's primary goal is to assess a company's historical performance in terms of profitability, interest payments, and debt expiry. A modern for business. corporation has numerous objectives or goals, including some social objectives like offering job chances and comfortable working conditions for its employees, according to R.F. Salman son, R.H. Hermanson, and J.D. Ewards.

According to by S.K. das The main goals of financial statement efficiency are to evaluate the financial stability in relation to other similarly situated businesses and to determine the profitability or operational efficiency metric from the income statement.

A study needs to be object-oriented in order to be beneficial. An analyst's objectives function like a guide. Thus, one should always consider the goals while examining the effectiveness of financial reporting.

2.4 THE MEASUREMENT OF PERFORMANCE EVALUATION

Concept of measurement

P. C. Tripathi defines measurement as "the application of numerals to attributes of objects, persons, states, or events according to with rules."

It is the properties of the object, person, situation, or event rather than the object itself that are measured. For instance, when we count something, we just measure that thing's location rather than the object itself. People are never measured; only their age, height, weight, or various physical characteristics are.

Michael Mascon says that an individual's view of their role, together with their abilities, characteristics, and efforts, all impact their performance.

Measuring units are necessary when assessing the effectiveness or performance of a business or enterprise. Different types of relationships are developed in order achieve human goals and beliefs. Every association was founded with a few specific aims and objectives in mind. That organization requires effectiveness. measurement to determine the extent to which the organization has met its goals in its programmed of action.

As Erich A. Helfert correctly points out, "Determining the business efficiency is more complex and complex." Because it has to do with how well capital is used, how profitable and efficient operations are, and how valuable and safe various kinds of claims against the company are.

The main objective of financial statement preparation is to display the outcome that a business achieves through its activities, including revenue and expenses incurred to meet that revenue as well as the real financial position for the specific period on a particular day. Users must possess a fundamental understanding of the concept and guiding principles behind the creation of financial statements in order to evaluate them appropriately.

Without this knowledge, consumers won't be able to discern the limitations of financial figures. Accounting delivers financial data through income statements, balance sheets, and sources and uses of fund statements for any type of firm.

The financial manager needs to be able to understand and use these statements when allocating the company's financial resources in order to provide the highest long-term return. This is according to reasonable B. The connection that unites accounting data and economic theory is called finance.

2.5 AREAS OF EFFICIENCY

2.5.1 Service Production and Productivity, Efficiency

Provision of services Productivity is a systematic approach used to assess the service production function, and production is the most important component to efficiency. A public sector insurance company's service production efficiency can be compared year-over-year with that of other competitive public sector insurance businesses.

The capacity efficiency analysis and component part analysis of service production can provide important proof of an insurance company's overall service production efficiency.

2.5.2 Profitability Efficiency

Earning a profit is the definition of profitability. Profit is of the greatest significance to the management of insurance companies because it is often used as a measurement of efficiency.

The total measurement of efficiency is the measurement of profitability. Bankers, creditors, and financial organizations all place a premium on profit. One way to calculate and analyses profitability efficiency is through the use of different profitability ratios.

2.5.3 Liquidity Efficiency

By examining the changes in current assets, it is possible for the researcher to gauge the level of liquidity efficiency. This assessment helps in determining how effectively the organization can meet its short-term obligations and maintain a healthy financial position.

2.5.4 Working Capital Efficiency

Working capital is typically defined as the difference between current assets and current liabilities. Regular business costing of loans and advances, wage payment, direct and indirect expenses, investments, credit given to customers, and cash on hand are all done using it. It is important to any insurance company.

The blood circulates throughout the body as soon as the heart receives it. In insurance operations, working capital funds are obtained as well and distributed in a similar manner. When this circulation stops the insurance industry experiences a loss. Thus, working capital plays a significant role in efficiency.

2.5.5 Fixed Assets Efficiency

Some part of every master craftsman's or manufacturer's capital needs to be allocated to the tool used in their line of work, according to fluke, Roy A.A company is often not trading assets if it does not deal with fixed assets. In addition, they are not purchased for sale. Throughout the assets' useful lives, the money invested in them is gradually released from each unit of sales. The efficiency of fixed assets can be shown through analysis of the fixed asset structure, average yearly growth of fixed assets, gross block impact on sales and operating profit margin, and efficient usage of fixed assets.

2.5.6 Fund Flow Efficiency and Cash Flow Efficiency

Here, an insurance company's cash flow statement and fund-flow statement are generated to verify the receipt and use of cash, as well as to examine the receipt and consumption of funds.

2.6 RATIO ANALYSIS AS A TOOL OF PERFORMANCE EVALUATION

A ratio is a relationship between two quantities or groups that is expressed in numbers or amounts. It is a comparison or simplified form of two quantities of the same kind, indicating how many times one quantity is equal to the other quantity. The ratio indicates the two figures' numerical connection. Accounting ratios are used in budgetary control systems, profit and loss accounts, balance sheets, and other accounting organizations to describe important correlations between statistics. Four steps make up the ratio analysis technique: choosing the accounting ratio to be used, comparing the ratio to the standard set, and analyzing the results. The analyst must choose the correct ratio, compute it, and compare it to standards. However, as of right now, the Indian industries don't have any such standards. It takes meticulous research and good judgement on the side of the analyst to interpret a ratio.

2.7 SIGNIFICATION OF RATIO

Ratio analysis is a powerful tool used to evaluate a company's financial performance and make informed decisions. It involves analyzing the relationships between different financial statement items to gain insights into various aspects of a business. Here are some key reasons why ratio analysis is significant.

1. **Assessing Financial Position:**

   Ratio analysis helps assess a company's financial position by examining its liquidity, solvency, and profitability. Liquidity ratios, such as the current ratio and quick ratio, indicate a company's ability to meet short-term obligations. Solvency ratios, such as the debt-to-equity ratio, measure a company's long-term financial stability. Profitability ratios, such as the gross profit margin and return on investment, evaluate a company's ability to generate profits.

2. **Identifying Trends**

   By analyzing ratios over time, trends can be identified, providing insights into a company's financial performance and potential areas of improvement or concern. Comparing ratios from different periods helps track progress and identify patterns or shifts in financial performance.

3. **Comparing Companies**

   Ratio analysis allows for the comparison of companies within the same industry or across industries. It helps identify differences in financial performance, efficiency, and risk profiles. Benchmarking against industry peers can provide valuable insights into a company's relative strengths and weaknesses.

4. **Decision Making**

   Ratio analysis aids in decision making by providing meaningful information about a company's financial health. It helps management, investors, and creditors make informed decisions regarding investments, lending, pricing, resource allocation, and strategic planning.

5. **External Analysis**

   Ratio analysis is also valuable for external analysis. Investors, creditors, and other stakeholders use ratio analysis to evaluate a company's financial performance and make decisions regarding investments, creditworthiness, and partnerships. It is important to note that while ratio analysis provides valuable insights, it has limitations. It relies on historical data, may not capture external factors, and should be used in conjunction with other financial analysis tools for a comprehensive assessment of a company's financial health.

2.8 CLASSIFICATION OF RATIOS

Depending on the basis of groupings, the ratio can be divided into two groups:

(A) The Traditional classification

(B) classification Based on Nature of Ratios

A. <u>The Traditional classification</u>

The financial Statements, to which the ratio's variables belong, have been the basis for the traditional classification; according to these, the ratio could be classified as...

(i) Ratio of Profit and Loss Account Only the items in the profit and loss account are used to compute ratios.

(ii) Only the balance sheet figure is used to compute balance sheet ratios.

(iii) Compensative Ratios are calculated on the basis of Profit and loss account as well as a balance sheet.

B. <u>Classification based on nature of ratio</u>

The ratio is classified as under to provide a comprehensive understanding of a company's profitability and liquidity as well as for performing a detailed analysis.

a) Liquidity ratio

This ratio shows a company's liquidity position. These ratios indicate a company's capacity of meeting its current responsibilities. Liquidity ratio includes current ratio, liquidity ratio, and fast or acid-test ratio.

b) Leverage Ratio or Structural Ratio

These ratios are employed to assess the company's long-term financial standing. These ratios show how much money the owners and long-term creditors contributed. Balance-sheet components are used to compute leverage ratios. The three ratios that represent leverage are: (i) Debt to Equity; (ii) Gearing Ratio; and (iii) Debt to Total Capital.

c) Coverage ratio

The coverage ratios calculate the difference between claims made by outside parties and what is typically available from the activities of the firms. Interest coverage ratios, dividend coverage ratios, and total coverage ratios are all included in the coverage ratio.

d) Profitability Ratio

The profitability ratio is calculated to assess the overall efficacy of management. When analyzing a company's profitability, a number of other parties are also included, including bankers, financial institutions, creditors, shareholders, interested parties, and the government.

2.9 CONCEPT OF PROFITABILITY

The terms "profit and ability" make up the word "profitability." As previously pointed out, "Profit" can be understood in a variety of ways, however its definition depends on the setting and purpose of the figure. The word "ability" showed business's capacity to turn a profit. The concept of "ability" can also mean "earning power" or "operating performance" of the applicable investment. Thus, the earning potential of profit for commercial firms can be used to support the term profitability. The definition of "profitability" is "the ability to give investment and earn a return from its use." One may observe that "profitability" serves as a helpful guide to determine the general effectiveness and performance of a corporation.

2.9.1 Profit and Profitability

Profit is a measurement for the excess money that a company's operations produce. Profitability is the ability of a commercial firm to make a profit, either continuously or in a condition that increases or decreased ability over a given period of time. Profit is defined as the surplus of net sales income over the cost of products sold. While profitability is a relative notion that clearly demonstrates variations in efficiency, profit is an absolute connotation that shows absolute figures that by itself cannot give an exact picture of change in a company firm's efficiency. Profit and profitability are thus two distinct ideas. But they have different roles in business and are mutually dependent and highly related. It can discover that the profitability of having a game amount of sales in two separate business firms The statement made by R.S. Kul Shresth is true: "Even while the profits of two distinct company concerns may be the same, it often occurs that their profitability differs when assessed in terms of investment amount. As a result, it may be claimed that the concept of profitability is more expansive than the concept of profit.

2.10 PROFITABILITY AND EFFICIENCY

Profitability therefore is not the same as "efficiency," even if it is an index of efficiency; rather, it is a management tool that leads to increased efficiency. Profitability is definitely an important indicator for measuring efficiency, but it is not enough to consider profit margins as final confirmation of efficacy. Profitability may at times cover inefficiency, and vice versa—a suitable level of efficiency may be matched by a lack of profit. The net profit figure only indicates that the value given and received are satisfactorily balanced.

The shift in operational efficiency is just one of the variables that influence an organization's profitability in relation to costs and profits. In addition, efficiency is not the only factor that confirms profitability.

2.11 IMPORTANCE OF PROFITABILITY

Profit is a highly dependable gauge of how well a business is doing. However, while profitability is a useful indicator of a company's earnings, it is not a suitable means of determining the true standard of performance for a corporate enterprise. The goal of current leadership is to maximize wealth and earnings. The profitability of the company acts as an index for management efficiency. More profitability for the company will translate into greater effectiveness. It doesn't need to be stressed that profitability is examined by calculating profit ratios since analysis of the profitability exposes information about the entire transactions done during the year. A business firm's management, creditors, and shareholders all greatly benefit from its profitability. A company's management must make important decisions about future growth, obtaining more money, taking care of bonus and divided payments, and other matters. To this end, the management has a significant impact on the company's profitability. In addition, the management is able to assess the company's operational effectiveness.

A commercial firm's creditors are also concerned with its profitability. Businesses are likewise focused on their profitability. They make decisions about the business firm's policies based on profitability. The company's profitability is of equal importance to the shareholders. The whole sum of the company's continuous profit cannot be used to evaluate its shareholders. Because of this, profitability is a helpful measure of a company's ability to make money. The goal of modern management is to maximize wealth and profit; the profitability of the company serves as an index for management effectiveness.

2.12 BRIFE HISTORY OF NON-LIFE INSURANCE COMPANY

1. **Bajaj Allianz General Insurance Company Limited**

A key player in India's insurance market, Bajaj Allianz General Insurance Company Ltd. has a long history of excellence, innovation, and customer-focused Ness. Established in 2001 as a collaborative effort by Bajaj FinServ Limited and Allianz SE, the organization has grown to become a major force in the insurance industry, providing a wide range of services and products that are specifically designed to cater to the various demands of its clientele. In order to protect people, families, and companies against unanticipated hazards, Bajaj Allianz General Insurance has been known for its dedication to using technology, building relationships with clients, and working towards social impact.

(sources: https://economictimes.com -)

- **Basis & Foundation Years**

  The founding of Bajaj Allianz General Insurance dates back to the early 2000s, when Allianz SE, a renowned international insurer with its headquarters located in Germany, and Bajaj FinServ Limited, the financial branch of the prestigious Bajaj Group, formed a strategic alliance. With this partnership, Bajaj Allianz General Insurance Company Ltd. was established, a joint venture with the potential to completely change the insurance market in India. With its official launch of operations in 2002, the company which was incorporated under the purview of the

Insurance Regulatory and Development Authority of India (IRDAI) ushered in a new age of innovation and quality in the insurance sector.

- **Achievements and Milestones**

  Bajaj Allianz General Insurance has a long history of achievements, which highlight its market dominance and leading position in the Indian insurance industry. The company issued five million policies in 2011, surpassing a noteworthy milestone that attested to its increasing prominence and broad customer acceptability. In 2017, Bajaj Allianz achieved a significant milestone by issuing over 10 million policies, further solidifying its position as a market leader and innovator in the Indian insurance industry. This was followed by another momentous occasion.

- **Portfolio of Products**

  With a wide range of insurance products to suit its clients' various demands for risk mitigation, Bajaj Allianz General Insurance is a proud provider of such a portfolio. The company offers a wide range of insurance categories, from protecting cars against theft and accidents through motor insurance policies to offering financial security against medical costs through health insurance plans or protecting homes, travel, and business establishments.

  One of its main offerings is the Health Guard policy, a complete health insurance plan that covers medical bills, critical diseases, and hospital stays, guaranteeing policyholders receive high-quality care without having to pay excessive premiums. Similar to this, the company uses data analytics and state-of-the-art technology in its auto insurance products, like Drive Smart and Two-Wheeler Insurance, to give clients personalized coverage and value-added services.

2. Reliance General Insurance Company Limited

A key player in the insurance market in India, Reliance General Insurance Company Ltd. is known for its cutting-edge offerings, customer-first philosophy, and dedication to quality. Since its founding in 2000 as a division of the Reliance Group, the business has grown quickly to rank among the nation's top suppliers of general insurance. Examining Reliance General Insurance's past and present reveals a story of tenacity, creativity, and calculated growth that has influenced the company's amazing development.

(sources: https:// www.justdial.com)

- **Basis & Foundation Years**

  With the goal of offering complete risk mitigation solutions to people and businesses throughout India, the Reliance Group, led by the visionary figure of Shri Dhirubhai Ambani, entered the insurance market at the beginning of the new millennium. This is when Reliance General Insurance was founded. The Insurance Regulatory and Development Authority of India (IRDAI) allowed Reliance General Insurance Company Ltd. to be founded in 2000, which signaled the start of a revolution in the insurance industry.

  Reliance General Insurance has always taken a customer-centric stance, emphasized understanding and met the changing demands and preferences of its wide range of clients. In order to give policyholders financial stability and peace of mind during difficult times, the company provided a broad range of insurance products and services, such as commercial insurance, health insurance, travel insurance, house insurance, and auto insurance.

- **Achievements and Milestones**

  Reliance General Insurance has accomplished a great deal during the course of its existence, which has highlighted its leadership status and commercial prominence in the Indian insurance industry. The company has continually received praise and recognition from peers and stakeholders alike, having been recognized as one of India's top general insurance companies and named among the best by prominent industry journals. It has also won accolades for its innovative products, high-quality services, and satisfied customers.

Reliance General Insurance's 2017 stock exchange listing was one of the company's majors turning points since it was a big move in the right direction towards increasing responsibility, transparency, and shareholder value. The company's position in the market was further reinforced by the successful listing, which also created a platform for potential future growth and expansion.

- **Portfolio of Products**

  In order to satisfy the varied needs of its clients, Reliance General Insurance provides a wide range of insurance products and services in multiple areas. The following are a few of the company's main products:

  - Motor insurance
  - Health insurance
  - Travel insurance
  - Home insurance
  - Commercial insurance

3. ICICI Lombard General Insurance Company

In India's insurance market, ICICI Lombard General Insurance Company Ltd. is a towering example of creativity, dependability, and customer-focused Ness. Since its founding in 2001 as a joint venture between Lombard Canada Ltd. and ICICI Bank Limited, the business has grown to become one of the nation's top suppliers of general insurance. With a long history of innovative projects, commercial alliances, and customer-focused solutions, ICICI Lombard has completely redesigned the insurance industry, enabling people, families, and companies to face life's uncertainties with assurance and comfort.

(source: https://www.newsnationtv.com)

- **Basis & Foundation Years**

  In 2001, ICICI Lombard General Insurance was established as a result of the insurance industry's liberalization in India and the subsequent entry of private companies. One of the biggest private sector banks in India, ICICI Bank, teamed up with a top insurance provider, Lombard Canada, in a joint venture that combined knowledge, resources, and a common goal to completely transform the insurance industry. ICICI Lombard has always had a customer-centric stance, emphasizing the comprehension and resolution of the various demands of its customers.

- **Technology and Innovation**

  In the insurance industry, ICICI Lombard General Insurance has always been at the forefront of innovation and technological use. The organization employs cutting-edge digital technologies, data analytics, and artificial intelligence to optimize workflows, elevate client satisfaction, and boost operational effectiveness. Customers can purchase insurance policies, manage their accounts, and file claims with minimal trouble thanks to user-friendly smartphone applications, web portals, and digital platforms.

- **Achievements and Milestones**

  Throughout its history, ICICI Lombard General Insurance Company Ltd. has solidified its status as one of India's top general insurance providers by accomplishing multiple milestones and winning multiple awards.

  According to gross direct premium income, ICICI Lombard has continuously remained the biggest non-life insurer in the private sector in India. Its dominance in the market is a reflection of the faith that stakeholders and customers alike have in the business. The first non-life insurer to float on an Indian stock exchange was ICICI Lombard in 2017. Its successful listing demonstrated the company's strong growth trajectory and market domination and was an important turning point in its history.

4. TATA AIG General Insurance Company Limited

Combining the global competence of American International Group (AIG) with the tradition of the Tata Group, TATA AIG General Insurance Company Ltd. is a strong force in the Indian insurance sector. TATA AIG General Insurance was founded in 2001 as a joint venture between the Tata Group, one of the biggest conglomerates in India, and AIG, a renowned international insurance provider. Since then, the company has continuously provided its clients with cutting-edge insurance solutions, first-rate customer service, and unmatched value. We discover a story of tenacity, inventiveness, and unrelenting dedication to client satisfaction as we investigate the origins and development of TATA AIG.

(sources: https:// www.passionateinmarketing.com)

- **<u>Basis & Foundation Years</u>**

  In 2001, TATA AIG General Insurance was established as a result of the insurance industry's liberalization in India and the subsequent entry of private companies. The goal of the joint venture between Tata Group and AIG was to redefine the insurance market in India by combining the knowledge, assets, and international best practices of two distinguished companies. Integrity, openness, and customer-centricity have been TATA AIG's guiding principles from the beginning, providing a solid basis for its subsequent expansion and success.

- **Technology and Innovation**

  In the insurance industry, TATA AIG General Insurance has always been at the forefront of innovation and technological adoption. The organization employs cutting-edge digital technologies, data analytics, and artificial intelligence to optimize workflows, elevate client satisfaction, and boost operational effectiveness. Customers can purchase insurance policies, manage their accounts, and file claims with minimal trouble thanks to user-friendly smartphone applications, web portals, and digital platforms.

- **Achievements and Milestones**

  With a substantial market share and a position among the top companies in the sector, TATA AIG has made a name for itself as one of India's top general insurance providers. The business has won various honors and recognitions for its outstanding work, cutting-edge goods, and customer-focused programmers. These include, among other things, honors for Best Health Insurance Provider, Best General Insurance Company, and Best Claims Service Provider.

5. HDFC Ergo General Insurance Company Limited

In India's insurance market, HDFC ERGO General Insurance Company Ltd. is a well-known player, renowned for its wide array of insurance products, creative solutions, and customer-focused philosophy. ERGO International AG, a division of the Munich Re Group, and HDFC Ltd., the top home financing company in India, formed a joint venture in 2002 that quickly grew to become one of the top general insurance companies in the nation. We learn about expansion, innovation, and an unrelenting dedication to customer satisfaction as we examine the history and development of HDFC ERGO.

(source: https://www.currentaffairs.bankexamstoday.com)

- **Basis & Foundation Years**

  After the insurance industry in India was liberalized and private firms began to enter the market, HDFC ERGO General Insurance Company Ltd. was established in 2002. The joint venture between HDFC Ltd. and ERGO International AG aimed to offer complete insurance solutions to people and businesses throughout India by combining the strengths, resources, and experience of two prestigious companies. From the beginning, HDFC ERGO has adopted a customer-centric strategy, concentrating on comprehending and meeting the changing needs of its wide range of customers.

- **Technology and Innovation**

  In the insurance industry, HDFC ERGO General Insurance has always been at the forefront of innovation and technological adoption. The organization employs cutting-edge digital technologies, data analytics, and artificial intelligence to optimize workflows, elevate client satisfaction, and boost operational effectiveness. Customers can purchase insurance policies, manage their accounts, and file claims with minimal trouble thanks to user-friendly smartphone applications, web portals, and digital platforms.

- **Achievements and Milestones**

  Maintained a major player in the Indian insurance industry, which is indicative of its size and market share. Quired multiple honors for distinction in a range of insurance-related fields, such as Best General Insurance Company and Excellence in Claims Service. Pioneered digital initiatives that improved client experience and operational efficiency, including as online policy issuance and claims tracking.

Renowned for providing excellent customer service and having a quick and easy claims settlement process, which results in high reviews from customers. Introduced cutting-edge insurance solutions to meet new risks, like usage-based auto insurance and health insurance with wellness incentives.

6. IFFCO TOKIO General Insurance Company Limited:

Since its founding in 2000, IFFCO-Tokio General Insurance Company Ltd. has become a significant force in the Indian insurance market by combining the advantages of Tokio Marine Group and Indian Farmers Fertilizer Cooperative Limited (IFFCO). In order to redefine insurance excellence and empower people, families, and businesses across the nation, the organization has made a commitment to honesty, innovation, and customer-centricity. Investigating IFFCO-Tokio's past and present reveals a story of resiliency, expansion, and persistent commitment to client satisfaction.

(source: https:// www.equitybulls.com)

- **Basis & Foundation Years**

  Established in 2000, IFFCO-Tokio General Insurance Company Ltd. is a joint venture between Tokio Marine Group, a prominent insurance giant from Japan, and IFFCO, one of the world's largest cooperative societies. With the goal of offering complete insurance solutions to both rural and urban populations, the alliance brought together the insurance know-how of Tokio Marine with the agricultural knowledge of IFFCO. IFFCO-Tokio has always adopted a customer-centric strategy, emphasizing the comprehension and resolution of the particular requirements of its wide range of customers.

- **<u>Technology and Innovation</u>**

  In the insurance industry, IFFCO-Tokio General Insurance has been at the forefront of innovation and technological adoption. The organization employs cutting-edge digital technologies, data analytics, and artificial intelligence to optimize workflows, elevate client satisfaction, and boost operational effectiveness. Customers can purchase insurance policies, manage their accounts, and file claims with minimal trouble thanks to user-friendly smartphone applications, web portals, and digital platforms.

- **<u>Achievements and Milestones</u>**

  The organization provides a wide range of insurance products, such as commercial, home, auto, health, and crop insurance, with an emphasis on customer centricity. IFFCO-Tokio has improved customer experience and streamlined procedures by utilising cutting-edge technologies on digital platforms. The business actively supports social issues as part of its commitment to corporate social responsibility. IFFCO-Tokio is committed to innovation and quality, and it works to empower people, families, and businesses while protecting their rights and offering comfort.

7. Maxa Bupa Health Insurance Company Limited

In India's healthcare environment, Max Bupa Health Insurance Company Limited is a shining example of dependability and trustworthiness. The company is dedicated to offering families and individuals around the nation complete health insurance solutions. Max Bupa, a key player in the health insurance business, was founded in 2008 as a joint venture between Max India Limited and Bupa Finance Plc, a leading worldwide healthcare group. Since then, the company has grown quickly. Examining Max Bupa's past and development reveals a story of creativity, focus on the needs of the client, and steadfast commitment to enhancing healthcare results and accessibility.

(source: https://www.justdial.com)

- **Basis & Foundation Years**

  In 2008, Max Bupa Health Insurance Company Limited was established to address the growing need for high-quality healthcare services and protection from escalating medical expenses. The joint venture brought together the skills, resources, and expertise of two prestigious organizations: Bupa Finance Plc, a worldwide healthcare specialist, and Max India Limited, a diverse Indian conglomerate. Max Bupa's goal has been to enable people and families to live safer, healthier lives since the company's founding.

- **Technology and Innovation**

  In the health insurance industry, Max Bupa Health Insurance has been at the forefront of innovation and technology use. The organization combines cutting-edge digital technologies, data analytics, and artificial intelligence to optimize customer satisfaction, optimize workflow, and boost operational effectiveness. Customers may simply buy insurance plans, manage their accounts, and get healthcare services by using user-friendly mobile applications, internet portals, and digital platforms.

- **Achievements and Milestones**

  Max Bupa is dedicated to provide complete health insurance solutions. Its product line includes top-up plans, maternity insurance, critical illness coverage, individual health insurance, family floater plans and group health insurance. Through digital platforms, the organization guarantees a flawless customer experience by utilising innovation and technology. Max Bupa is committed to corporate social responsibility and uses a customer-centric approach to help people and families live safer, healthier lives.

8. **Kotak Mahindra General insurance company Ltd.**

In the insurance industry in India, Kotak Mahindra General Insurance Company Ltd. is a pillar of strength and dependability, providing a broad range of insurance products and solutions to people, companies, and communities all over the nation. Inspired by a dedication to innovation, customer-centricity, and excellence, Kotak General Insurance was founded in 2015 as a subsidiary of Kotak Mahindra Bank, one of the top financial institutions in India. Since then, it has quickly become a reliable brand in the insurance industry. Examining Kotak General Insurance's past and present reveals a story of tenacity, expansion, and steadfast commitment to protecting its clients' interests and welfare.

(Sources: https:// www.livemint.com)

- **Basis & Foundation Years**

  With the establishment of Kotak Mahindra General Insurance Company Ltd. in 2015, the Kotak Mahindra Group entered the general insurance market. The organization set out to redefine insurance excellence and offer complete insurance solutions catered to its clients' changing demands by utilising the vast knowledge and resources of Kotak Mahindra Bank. Since its founding, Kotak General Insurance has been driven by the goal of becoming a trusted insurance partner known for its honesty, dependability, and customer-first philosophy.

- **<u>Technology and Innovation</u>**

  In the insurance industry, Kotak Mahindra General Insurance has led the way in innovation and technological adoption. The organization combines cutting-edge digital technologies, data analytics, and artificial intelligence to optimize customer satisfaction, optimize workflow, and boost operational effectiveness. Customers may buy insurance policies, manage their accounts, and get support services with ease thanks to user-friendly mobile applications, web portals, and digital platforms.

- **<u>Achievements and Milestones</u>**

  Personalized service and open communication are the company's top priorities as they provide a wide range of insurance products, such as commercial, health, home, auto, and travel insurance. By utilising innovation and technology, Kotak General Insurance maintains a commitment to corporate social responsibility programmers that have a beneficial societal impact while ensuring a smooth client experience.

9. Universal Sopo General Insurance Company Limited

A cooperative venture between foreign insurance corporations and Indian financial institutions is called Universal Sompo General Insurance Company Limited. The company was founded in 2007 as a joint venture between international insurance behemoth Sompo Japan Insurance Inc. and Indian banks Allahabad Bank, Indian Overseas Bank, Karnataka Bank, and Dabur Investment Corporation. Through this agreement, Sompo Japan's global insurance competence and the local knowledge of Indian financial institutions were combined to create a strong platform that could provide a broad range of insurance products in India.

(sources: https:// www.bimabazaar.com)

- **Basis & Foundation Years**

  India's requirement for complete insurance coverage is the foundation of Universal Sompo General Insurance's history. The company's founding goal was to offer cutting-edge, customer-focused insurance solutions that catered to the changing requirements of people, families, and companies all throughout the nation. Millions of policyholders have trusted Universal Sompo because it has been true to its basic principles of honesty, openness, and customer satisfaction over the years.

- **Technology and Innovation**

  Apart from focusing technological innovation, Universal Sompo has placed a high value on providing exceptional customer service. To rapidly resolve questions and issues, the organization has set up dedicated customer support centers and helplines. Furthermore, Universal Sompo's nationwide accessibility of its insurance products and services is guaranteed by the network of its branches and partnerships with intermediaries.

- **Achievements and Milestones**

  The company's formation in 2007, which signaled the start of its operations in the Indian insurance market, was one of the major turning points in its history. From the beginning, Universal Sompo concentrated on creating a wide variety of insurance products to serve different social groups. Among the products offered by the company are house insurance, commercial insurance, rural insurance, health insurance, travel insurance, and auto insurance.

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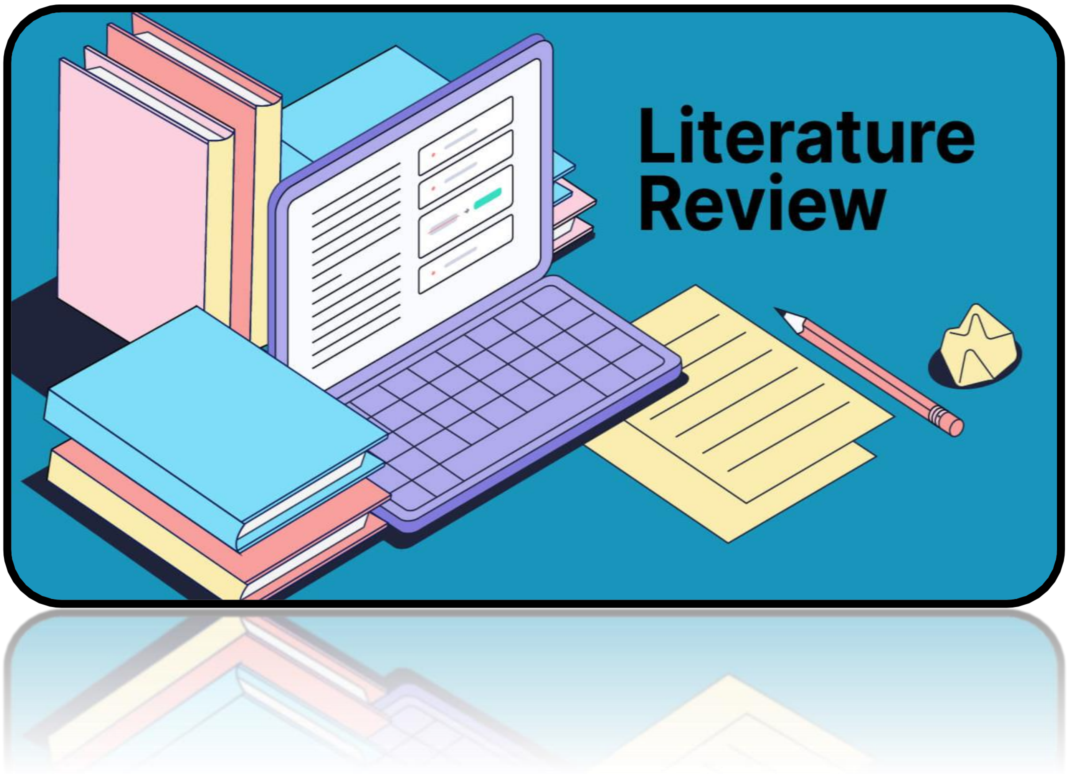
Chapter 3

REVIEW OF RELATED LITERATURE



INDEX

3.1 INTRODUCTION

The overview, business performance, market share, and payment of claims of India's non-life insurance companies are explained in this chapter. The non-life insurance companies provide a range of specialized products to cater to the unique demands and specifications of both individuals and businesses. Companies also rely on these providers for employee compensation, maritime insurance, and different property and liability coverage. An economy's growth and development are influenced by insurance in a number of ways.

This chapter seeks to give an overview of the different features and issues linked to this study activity by reviewing previous studies undertaken in the insurance sector at both the national and international level. The literature review can help reach some important conclusions and act as an example for the current study. It also provides an equal opportunity to pinpoint one research gap in the field.

3.2 LITERATURE REVIEW

(Das S & Dr. Subhas C, 2023) India's insurance industry was actively involved in the country's economic growth. Following the LPG motto, the insurance industry began to undergo rapid changes in 1991 with the introduction of new economic policies. In order to keep an eye on and regulate the insurance sector, the IRDA was established as a regulatory body in 1993. In the Indian life insurance market, there was only one public sector insurance corporation, commonly referred to as LIC, which held a monopoly over the industry from 1956 until 1999. The first decade of the twenty-first century saw the introduction of 23 private life insurance players with joint ventures of Indian corporations, which significantly altered the situation. These businesses have quickly gained market share by implementing a number of innovative business techniques. [1]

(Dr-Pooja, 2015)to evaluate and contrast the contributions made by governmental and private life insurance firms to the development of India's rural areas. Methods of Research: The facts on the current state of microinsurance in the Indian economy are presented in this

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[1] Debashish Das Sharma, & Dr. Subhas Chandra Sarkar. (2023). Financial Performance of Indian Private Life Insurance Companies in the Post Liberalization Period: A Comparative Study between the First Two Decades of 21st Century. Management Journal for Advanced Research, 3(2), 75–85. https://doi.org/10.54741/mjar.3.2.10

descriptive article. The study is based on secondary data that was gathered from a variety of government periodicals, IRDA annual reports, and data from different insurance companies. Data from 2007–2008 to 2012–2013 has been analyzed with care. When it was deemed necessary, the independent-samples t-test was applied for this particular publication to simplify the investigation. Wherever it is deemed appropriate for the investigation, graphs and tables are also employed to streamline and visually enhance the study.[2]

(Sunil Kumar G, 2014) The financial performance analysis of general insurance businesses in India during the post-reform era (2000-2008) is the subject of this research paper. The study's eight chapters have all been organized logically. The study and the chosen research approach are introduced in Chapter 1. In Chapter 2, the research gap is identified and a review of numerous books, papers, and research works is discussed. The evolution of the general insurance industry is covered in Chapter 3 for both the pre- and post-nationalization periods. The regulatory actions taken and the reforms that were started are covered in Chapter 4. The financial performance of public sector firms prior to and following the introduction of private players is examined in Chapter 5. The financial performance of the private sector enterprises is examined in Chapter 6. In Chapter 7, the financial performance of public and private actors is thoroughly compared, and the respective strengths and weaknesses of each sector are attempted to be identified. The study's conclusions are described in Chapter 8, along with recommendations made by the researchers in light of the findings[3].

[2] Jubilee, D. (2015). “Micro Insurance Landscape in India: A Comparative Study”-"THE JOURNAL of Insurance Institute of India" THE JOURNAL of Insurance Institute of India INSURANCE OF I E INDIA. www.facebook.com/#l/pages/insurance-Institute-of-India/164203300299381

[3] Gandhi, Sunil & Bhattacharya, Mahasweta. (2014). Financial Performance Analysis of General Insurance Companies in India.

(Sumathy Mohan, 2021)[4]This study focuses on the financial results of Indian life insurance businesses in the public and chosen private sectors. The study's findings demonstrated that LIC's financial standing is more stable than that of India's private life insurance providers. However, when it comes to liquidity, LIC performs worse than India's private life insurance providers. The analysis recommended that the LIC strengthen its liquidity position. In order to boost policy sales, private life insurance businesses need to strengthen their financial situation and take appropriate action to reduce their losses. Keywords: insurance firms, liquidity, LIC, financial performance, and financial strength.

(Bhupal J, 2021)A panel data set of 14 insurance companies registered on the Nepal Stock Exchange (NEPSE) with 140 observations over a ten-year period from 2009/10 to 2018/19 is included in the study. The outcome shows that insurance companies with higher debt ratios have more stable financial situations. It also shows that return on assets is increased by a larger ratio of tangible assets to debt. Conversely, a lower percentage of equity, company size, and liquidity results in a lower return on assets for Nepali insurance companies. The research deepens our understanding of how firm-specific factors affect financial performance and offers empirical proof that the ratios of total debt to total assets, equity to total debt, leverage, firm size, liquidity, and tangibility are the important elements influencing the insurance companies' financial success in Nepal. When it comes to financial performance as determined by return on assets and earnings per share, non-life insurance businesses typically outperform. The study has applications for regulatory agencies and insurance businesses. In order to enhance their financial performance, Nepali insurance businesses ought to concentrate on augmenting their leverage and long-term investments while diminishing their equity, firm size, and liquidity proportions.[5]

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[4] Mohan, S., Sumathy, M., & Kalyani, V. (2019). Financial performance of public and private life insurance companies in India: a comparative study financial performance of public and private life insurance companies in India-a comparative study. International Journal of Advanced Scientific Research and Management, 4. www.ijasrm.com

[5]Jaishi, B., & Poudel, R. L. (2021). Impact of Firm Specific Factors on Financial Performance: A Comparative Study of Life and Non-Life Insurance Companies in Nepal. Prithvi Academic Journal, 4, 39–55. https://doi.org/10.3126/paj.v4i0.37014

(P. Muthulakshmi, 2023) Techniques including financial performance, technical, solely technical, and scale efficiencies are used to gauge how efficient insurance businesses are. The purpose of this study is to examine the factors that influence the financial performance of Indian nonlife public sector insurance companies. A non-life insurance company's financial performance can be determined by a number of factors, including commission, claims paid, investment income, net premium earned, management stability, and operating costs. To assess financial performance, data are gathered from the 2009–10 fiscal year to the 2021–22 fiscal year. EViews statistical software was used to verify the normality and stationarity of the data. According to research findings, New India Insurance Company Limited outperforms United India Insurance Company Limited in terms of financial performance. [6]

(Christina Jeyadevi J, 2021) In India, there are a large number of non-life insurance businesses offering a wide range of products. The liberalization policy implemented by India in 1991 made it possible for numerous global corporations to establish operations in the country. Despite government-owned insurance, private insurance businesses managed to make a name for themselves among numerous others. Aditya Birla Sun Life Insurance Company is among the top life insurance firms, despite the fact that several private insurance businesses have made a name for themselves. In order to understand the company's financial situation, an effort has been made to examine the prosperous Aditya Birla Sun Life Insurance Company. [7]

(Senthil Kumar M K, 2023) The study's secondary goal is to analyses the leverage based on financial ratios for five different NBFC companies. To this end, various ratio types were

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[6] Muthulakshmi, P., & Muthu Moni, A. (2023). Determinants of Financial Performance – A Comparative Analysis of Public Sector Non-Life Insurers in India. SDMIMD Journal of Management, 25–33. https://doi.org/10.18311/sdmimd/2023/32475

[7] Jeyadevi, C. (2021). FINANCIAL PERFORMANCE OF ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED. https://www.researchgate.net/publication/373070537

selected as tools for data analysis, and the study's conclusion is that Muthoot Finance Limited performs well when compared to other NBFC, and other companies must take care of their working capital in order to increase financial leverage in the future. Overview of the Research: The financial statement offers the fundamental information needed to analyses financial performance. The primary drawback of the traditional financial statement, which consists of the profit and loss account and balance sheet, is that it does not provide all the details about a company's financial operations. However, they give some helpful information on how closely the balance sheet represents the state of the economy on a given date in terms of the distribution of owners' equity, liabilities, and other items. The outcomes of operations during a specific time period are displayed in the profit and loss statement, together with the revenues earned and expenses incurred for the year.[8]

(Magdalena C, 2023)The purpose of the article is to evaluate the comparability of non-financial information provided in insurance companies' annual reports. Design, procedure, and strategy: This research is relevant to the insurance industry in Poland. The following insurance firms' reports have been assessed: UNIQA, PZU, and Ergo Hestia. Although it is original, the methodology is based on the nice index of financial reporting quality assessment. The writers have created an assessment technique appropriate for the unique characteristics of non-financial data. A five-point Likert scale is used to evaluate how well the requirements established for each of the six areas are met. Results: Comparing non-financial data throughout insurance firms is an extremely challenging and individualized procedure.[9]

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[8] kumar k sri ramakrishna, s. M., & gopal samy, n. (n.d.). A study on financial performance of selected non-banking financial companies in india south india journal of social sciences a study on financial performance of selected non-banking financial companies in india. Https://www.researchgate.net/publication/376719345

[9] Chmielowiec-Lewczuk, M., Lament, M., Bauer, K., & Spigarska, E. (2023). The comparability of non-financial information in insurance companies. Scientific Papers of Silesian University of Technology. Organization and Management Series, 2023(182), 9–30. https://doi.org/10.29119/1641-3466.2023.182.1

(Olufemi Adebowale, 2022) The purpose of this study was to investigate the combined significant effects of corporate governance procedures (board composition, size, and audit committee) on non-life insurance businesses in Nigeria's financial performance (return on equity, return on asset, and return on investment). The study used panel data from 20 non-life insurance companies spanning ten (10) years from 2010 to 2019 and an ex-post facto research design. Using the cluster sampling technique, twenty (20) non-life insurance companies were chosen. The combined market share of the twenty businesses was 88%. The audited annual reports of the chosen companies were used to administer secondary data through NIA Digest (2010-2019). Both multiple regression analysis and descriptive analysis were used to analyses the data. However, the findings showed that corporate governance standards have a combined substantial impact on the financial the performance of Nigerian non-life insurance firms. The study concluded that for the Nigerian insurance sector to perform financially better overall, corporate governance principles needed to be ingrained in the sector. Keywords: financial performance, board size and composition, corporate governance procedures.[10]

(Rangarajan Dr, 2022) The research topic "a study on financial statement analysis of national insurance company ltd" is covered in the project report. Any topic pertaining to the generation, management, and study of money and investments is referred to as finance. Three major categories can be used to categories finance: corporate, personal, and public finance. The specific fields of finance, including banking, lending, investing, and of course money itself, have existed in one form or another since the beginning of human civilization. The process of examining the company's financial situation is known as financial analysis. Businesses frequently utilised ratio analysis as a technique to forecast their profitability and capacity to survive in a cutthroat market. This study's main goal is to assess NIC's performance over the previous five year.[11]

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[10] Osamor, I. P. (n.d.). CORPORATE GOVERNANCE PRACTICES AND FINANCIAL PERFORMANCE OF NON-LIFE INSURANCE COMPANIES IN NIGERIA. https://www.researchgate.net/publication/369857092

[11] WWW.CASIRJ.COM www.SPHERT.org An Internationally Indexed Peer Reviewed & Refereed Journal. (n.d.). http://www.casirj.com

(Ruchi Jain, 2022) In the event of an unforeseen event, the insurance serves as security for the insurer, who is bound by a contract with the insurance company to compensate the insured for a predetermined sum in exchange for a predetermined premium. In light of these unanticipated events, a variety of insurance products have been developed and made available to individuals based on their individual needs. These products range from fire insurance for accidental damage to health and life insurance for permanent changes in one's circumstances. However, in today's ever-changing corporate and social landscape, insurance acts as both an investment opportunity and a buffer against unpredictability. Therefore, the purpose of this paper is to examine if the respondents' occupations had any bearing on their decision to Insurance is predicated on unanticipated events that occur before such uncertainty, which is different from the investing perspective.[12]

(K Alamelu Ramanathan, 2018) The current study primarily examined two metrics, insurance penetration and insurance density, which gauge the potential and growth of the insurance industry. The ratio of premiums underwritten in a particular year to the GDP is known as insurance penetration. The ratio of premiums underwritten in a particular year to the entire population is known as the insurance density. The entire basis of the study is secondary data gathered over a seven-year period, from 2010 to 2017, from the IRDA annual report. For the categories of industrial, non-life, and life, the penetration and density are shown separately. We used ANOVA, Mean, Median, Standard Deviation, Variance, and Variance for our analysis. The study discovered that the insurance business is becoming more prevalent and denser in the current study primarily examined two metrics, insurance penetration and insurance density, which gauge the potential and growth of the insurance industry. The ratio of premiums underwritten in a particular year to the GDP is known as insurance penetration. The ratio of premiums underwritten in a given year to the total population of India is known as the insurance density. The industry's mean and standard deviation are higher than those of the life and non-life sectors among the three groupings.

[12] Jain, R. (n.d.). A STUDY ON PREFERENCE OF INSURANCE AS AN INVESTMENT ON THE BASIS OF OCCUPATION. https://www.researchgate.net/publication/360485718

The results of the ANOVA also show that the mean values of insurance penetration and density among life, non-life, and industrial differ significantly.[13]

(Bashir Ahmad Joo, 2013) The insurance industry has experienced tremendous change since liberalization. This also applies to the insurance sector in India, where, in contrast to other nations, insurance penetration and density are extremely low. As a result, a lot of international insurance companies were drawn to enter the Indian insurance sector, mostly through joint ventures with local partners, in order to shield favorable spread from the sizable untapped insurance market. The pressure of globalization, competition from international insurance companies, and the lavish underwriting pursuit, which are perceived as both possibilities and risks to insurance businesses, so hit the Indian insurance market when it was liberalized.[14]

(Wondwossen Jerene, 2016) This study's main goal was to look at the variables that affect general insurance profitability in India. Ten general insurance companies—six of which were private and the other six were public—provided financial accounts of their non-life insurance from 2006 to 2016. Panel data are analyzed using the Fixed Effect Model (FEM) once the Random Effect and Pooled Regression models have been used to assess the model's suitability. The regression analysis shows that GDP and capital adequacy have a positive impact on profit, whereas inflation and liquidity have a negative impact on general insurance profitability in India. To keep the industry's profitability position, managers might place more focus on current liability management and capital adequacy.[15]

(Mihaela David, 2015) Our society appears to be becoming more and more fearful of everything, where taking any kind of risk is accepted as normal. Many people show a strong

[13] Alamelu Ramanathan, K., Vimala, B., & Alamelu, K. (2018). Insurance Penetration And Insurance Density In India-An Analysis Article. International Journal Of Research And Analytical Reviews. Http://Ijrar.Com/

[14] Joo, B. A. (2013). Analysis Of Financial Stability Of Indian Non-Life Insurance Companies. Asian Journal Of Finance & Accounting, 5(1). Https://Doi.Org/10.5296/Ajfa.V5i1.3366

[15] Jerene, W. (2016). Factors Affecting General Insurance Companies Profitability: Empirical Study In India. Https://Www.Researchgate.Net/Publication/318404519

interest in safety as a result of this sense of unease and terror. In an increasingly risk-averse culture, insurance is becoming more and more necessary. The primary concerns of those who purchase insurance are security and financial safety in the case of a potential loss. Offering a fair way to transfer the risk in return for a set payment or tariff is the essence of the insurance process. This review paper explains the basic ideas of insurance pricing and examines the primary statistical instruments used in the insurance industry in order to properly[16]

(Husain A Nikita S, 2016) This paper's goal is to examine the key factors that influence long-term investments made by India's non-life insurance sector. Nineteen non-life insurance businesses' annual financial statements from 2011 to 2015 were sampled, and panel regression was used for analysis. The results show that large, successful, and highly liquid insurance companies have made more long-term investments than small, profitable, and less liquid companies. This is to be expected. Additionally, the study reveals that insurance firms with greater risk retention ratios and leverage ratios have made fewer long-term investments than those with lower leverage ratios and risk retention ratios.[17]

(Vikas Sharma, 2011) The liberalization and globalization movement in India has affected and influenced the insurance industry, as well as other aspects of marketing and the financial system. In the market, the consumer is king. Companies that offer life insurance deal in intangible goods. As more private firms enter the market, the competition is getting fiercer. Every business strives to introduce novel ideas and cutting-edge product features

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[16] David, M. (2015). A Review of Theoretical Concepts and Empirical Literature of Non-life Insurance Pricing. Procedia Economics and Finance, 20, 157–162. https://doi.org/10.1016/s2212-5671(15)00060-x

[17] Singhal, N., Ashraf, H., & Bus Manag, A. J. (2016). Strategies for Long Term Investment by Non-Life Insurance Companies in India Arabian Journal of Business and Management Review. https://doi.org/10.4172/2223-5833.1000280

to draw in clients and meet their needs. An analysis of the performance of Indian public and private life insurance businesses is attempted in this research work.[18]

(**Thomas Holzheu, 2001**)The two primary determinants of profitability underwriting and investment results—are examined across industries and nations. There is discussion of the interdependence of the profitability drivers. It is helpful to break down ROE into its constituent parts in order to examine the determinants of profitability. The first factor that determines profits is underwriting performance, which includes losses and expenses influenced by product pricing, risk assessment, claims handling, marketing, and administrative costs. The second factor is investment performance, which is based on asset allocation, asset management, and asset leverage. Underwriting leverage (solvency ratio) and tax tactics also have an impact on capital efficiency (ROE). The cyclical nature of underwriting outcomes can be attributed to external variables that impact capacity, including investment performance and catastrophic events. [19]

(Wondwossen Jerene, 2016) The principal aim of this investigation was to identify the variables that impact the profitability of non-life insurance firms operating in India. In order to provide an unbiased financial report on eight general insurance companies—six of which are private and two of which are public—between 2006 and 2016. Despite examining eight variables, the author discovered that firm size, liquidity, and inflation are statistically significant factors that impact the profitability of insurance companies in India. The study suggested that in order to maintain an ideal liquidity position, insurance managers need pay close attention to managing current assets and current liabilities, with inflation being a crucial factor influenced by external factors.[20]

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[18] Sharma, V., & Chowhan, Dr. S. S. (2011). A Comparative Study of Public & Private Life Insurance. Indian Journal of Applied Research, 3(1), 93–94. https://doi.org/10.15373/2249555X/JAN2013/37

[19] sigma Profitability of the non-life insurance industry: it's back-to-basics time. (n.d.). http://www.swissre.com

[20] Jerene, W., & Daare, W. J. (2017). Determinants of Non-Life Insurance Companies Profitability: An Empirical Study in India. www.ijiras.com|

(Tomar, 2019) The primary goal of any company organization is to turn a profit during its existence. The foundation of any organization's ability to survive is its profit. A company entity cannot grow or remain stable without making a profit. In the year 2015–2016, the growth rate of private general insurance businesses was 13.12%, compared to a growth rate of 9.62 percent in the year 2014–2015. Profit serves as a vital source of internal funding as well as an incentive and inspiration for potential investors and outside investors. The CARAMEL framework is used as an indicator of the financial soundness of the insurance industry, according to an IMF Background Paper from 2003. These indicators take into account the quantitative elements that have a major impact on the non-life insurance company's financial situation. The profitability and earnings measure of Based on their analytical value, data accessibility, computation, and study relevance, CARAMEL has been used. For the purpose of analyzing the "earning and profitability," five prominent private non-life insurance companies were chosen for the study, which is primarily based on secondary data that was obtained from IRDA's annual report, the annual reports of specific non-life insurance companies, journals, websites, etc. The study's time frame was from 2011–2012 to 2015–2016.[21]

(**Segundo C & Natalia B, 2019)**Objective This article seeks to determine the primary factors influencing insurance profitability in both the life and non-life segments in order to determine which variables are relevant to each market within the Ecuadorian insurance industry. Design, procedure, and strategy Using a panel corrected standard errors regression, the authors estimate the determinants using a large panel data set that includes financial information from 2001 to 2017. Results The authors discovered that in the life insurance industry, micro-determinants include net premiums, technical reserves, capital ratio, and score efficiency; in the non-life insurance industry, micro-determinants also include claim level and liquidity ratio. Furthermore, the authors discovered that HHI is a determinant of profitability exclusively in the life insurance industry. The authors

[21] Tomar, P., & Gupta, R. (2019). Profitability analysis of Insurance companies: A case of Private Non-life Insurers ABSTRACT Dr Rajiv Gupta Profitability analysis of Insurance companies: A case of Private Non-life Insurers ABSTRACT. https://www.researchgate.net/publication/333508601

discovered that the interest rate has among the macro determinants set also a significant impact both in the life and non-life insurance.[22]

(Jerene, 2016) This study's primary goal was to pinpoint the variables that affect the profitability of non-life insurance companies in India. In order to provide an unbiased financial report on eight general insurance companies six of which are private and two of which are public—between 2006 and 2016. Despite examining eight variables, the author discovered that firm size, liquidity, and inflation are statistically significant factors that impact the profitability of insurance companies in India. The study suggested that in order to maintain an ideal liquidity position, insurance managers need pay close attention to managing current assets and current liabilities, with inflation being a crucial factor influenced by external factors.[23]

(Asterio Miranda, 2022) This study used financial stability, liquidity, and profitability measures to evaluate the viability of non-life insurance companies in Northern Samar, Philippines. It specifically looked at the ownership, programmers and services, management and staff, financial resources, policies, systems and procedures, linkages and networking, and duration of operations of non-life insurance companies in Northern Samar. It also assessed the viability of these businesses using financial stability, liquidity, and profitability indicators. Finally, it identified issues that the management, staff, and clients faced that prevented these businesses from reaching a high level of viability and identified management and client recommendations to improve non-life insurance businesses' viability. A descriptive evaluative research methodology was used in the investigation.[24]

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[22] Camino-Mogro, S., & Bermúdez-Barrezueta, N. (2019). Determinants of profitability of life and non-life insurance companies: evidence from Ecuador. International Journal of Emerging Markets, 14(5), 831–872. https://doi.org/10.1108/IJOEM-07-2018-0371

[23] Jerene, W., & Daare, W. J. (2017). Determinants of Non-Life Insurance Companies Profitability: An Empirical Study in India. www.ijiras.com|

[24] Miranda, A., & Fiel Miranda, J. L. (2022). Financial Stability, Liquidity and Profitability as Indicators Toward the Viability of Non-Life Insurance Companies in the Philippines. Pacha. Revista de Estudios Contemporáneos Del Sur Global, 3(8), e210116. https://doi.org/10.46652/pacha.v3i8.116

(Rajeev Kumar, 2020) The goal of the article is to determine how technology affects consumers' decisions to buy insurance products. Technology and online shopping have significantly changed how insurance products are used. The insurance industry is now very competitive due to the advent of private firms (Kampala & Rao, 2005). In response to heightened competition, the life insurance sector is implementing creative marketing strategies to reach a wider audience. As a result, the firms are strengthening their capacities for customer acquisition, distribution, and penetration through access-based tactics. The way insurance products were promoted in India has altered as a result of technological advancements. In addition to the conventional agency channel, the companies are investigating other channels such as e-commerce, brokers, internet marketing, and rural channels. The channels that rely on personal selling are the fresh, creative approaches that provide a minimal cost with an efficient reach. The study employed two-way ANOVA to examine the impact of two nominal predictor factors on a continuous outcome variable in order to analyses the purchasing behavior of the consumers. The study's findings will help life insurance firms run more smoothly and effectively.[25]

(Divya Ghai & G P Dang, 2010) The present study is related to changing scenario of Indian Insurance industry. The insurance industry has gone through drastic changes over the years. Many private sector insurance companies have entered in the industry. The study is related to current market scenario of life and non-life insurance related sectors. An effort has been made to study the problems and expectation of the consumers from insurer and government. Valuable suggestions have been given to overcome the problems of insurance sector.[26]

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[25] Ranjan, R. K., Siddiqui, S. A., Thapar, N., & Chauhan, S. S. (2020). E-COMMERCE AND PORTFOLIO ALLOCATIONS: A STUDY ON THE INDIAN LIFE INSURANCE CUSTOMERS. Corporate and Business Strategy Review, 1(1), 36–46. https://doi.org/10.22495/cbsrv1i1art4

[26] The Indian Insurance Industry-Challenges & Opportunities. (2010). https://www.researchgate.net/publication/369542385

(Wondwossen Jerene, 2016)This study's main goal was to look at the variables that affect general insurance profitability in India. Ten general insurance companies—six of which were private and the other six were public—provided financial accounts of their non-life insurance from 2006 to 2016. Panel data are analyzed using the Fixed Effect Model (FEM) once the Random Effect and Pooled Regression models have been used to assess the model's suitability. The regression analysis shows that GDP and capital adequacy have a positive impact on profit, whereas inflation and liquidity have a negative impact on general insurance profitability in India. To keep the industry's profitability position, managers might place more focus on current liability management and capital adequacy.[27]

(**Ehiogu C & Inebimowei F, 2021)**According to the study, there was a favorable correlation between the amount of general accident insurance claims and gross fixed capital formation in Nigeria, as well as a considerable impact from motor vehicle insurance claims on the same. Implication: The study found a substantial and long-term link between non-life insurance claims and gross fixed capital formation. Uniqueness/Additional Value: The study suggested that in order to increase Gross Fixed Capital Formation, the insurance industry should pay general accident claims quickly and without needless conflicts. Every person and business should be required to have fire insurance since home appliances, plants, and various forms of machinery can suddenly catch fire and cause major damage to Gross Fixed Capital Formation. Authorities should make sure that the mandatory auto insurance is effectively followed in order for the insurance sector to effectively contribute to Nigeria's gross fixed capital formation. Terms: claims, fire insurance, general accident insurance, motor vehicle insurance, non-life insurance, and gross fixed capital creation[28].

(**Jacob A & Janko G, 2008)** By quantifying scale economies and X-inefficiency, this study examines competition in the Dutch non-life insurance market indirectly. It is assumed that

[27] Jerene, W. (2016). FACTORS AFFECTING GENERAL INSURANCE COMPANIES PROFITABILITY: EMPIRICAL STUDY IN INDIA. https://www.researchgate.net/publication/318404519

[28] CHIZOBA Perpetua, E. (2021). IMPACT OF NON-LIFE INSURANCE CLAIMS ON GROSS FIXED CAPITAL FORMATION IN NIGERIA. Online) Global Research Journal of Accounting and Finance, 1(2), 80–97. https://www.researchgate.net/publication/357574918

intense rivalry would compel insurance companies to take advantage of underutilized scale economies and reduce inefficiencies. We find significant economies of scale (11 percent on average) that are higher for smaller businesses. The sector has undergone significant consolidation in the past ten years, but despite this, scale economies have grown as the ideal size has exceeded the real one. We find that scale economies are smaller for groups and business lines than they are for companies when comparing estimates across aggregation levels. In addition to size, focus and organizational structure play a significant role in determining costs. Specialized insurers typically have lower costs and benefit from larger economies of scale. Thick frontier efficiency estimates Data point to significant cost variations between businesses and within industry sectors. Overall, our findings point to a lack of competitive pressure in the non-life insurance market in the Netherlands.[29]

(Dr Sudha Davidson, 2023) This essay focuses on consumer awareness of and perceptions of opportunities in the insurance sector. Since there are many hazards and uncertainties in the world in which we live. Through the use of insurance, a small number of casualties can be reimbursed from the wealth amassed by many. Policyholders are offered a range of schemes by insurance firms to protect them from unforeseen circumstances. This essay aids in our comprehension of the ways in which individual customer perceptions vary. How a customer chooses among the many insurance policies offered by insurance firms, the many insurances policy covers offered by insurance companies, and the various government schemes related to insurance. Finding out how knowledgeable consumers are of the insurance sector is the main goal. An analysis revealed that most respondents are aware of the insurance plans and had made the largest purchase of life insurance.[30]

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[29] Bikker, J. A. (2008). Performance of the Dutch non-life insurance industry: competition, efficiency and focus. https://www.researchgate.net/publication/4809994

[30] Davidson, S., Sudha, S., Phil, M., & Hd, P. (n.d.). A Study on Consumer Awareness and Perception towards Insurance Industry Opportunities with Special reference to Chennai, Tamil Nadu. https://www.researchgate.net/publication/374054222

3.3 RESEARCH GAP

From the above literature review, the researcher experienced that various national and international studies were mostly conducted on life insurance and non-life insurance over a range of time periods and with a number of objectives. This provided room for the researcher to conduct additional research on the project "A comparative study of Financial Performance Evaluation of Selected Non-Life Insurance companies of India."

CHAPTER-4

RESEARCH METHODOLOGY

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4.1 INTRODUCTION

The insurance industry plays a vital role in the country's financial system and serves an important economic function. It offers several advantages compared to other financial activities in today's business world. One of its key benefits is the provision of long-term funds to repair or compensate for the actual value and cost of damages, accidents, and various losses in various areas of physical activity, life, and health. Furthermore, the growth and development of the insurance sector are crucial for economic growth as it promotes savings habits and provides a safety net for both businesses and individuals.

Additionally, the insurance industry serves as a significant provider of financial intermediation services, facilitating the movement of funds from policyholders to investments. This function is essential for the continuous expansion and growth of the economy, as it generates long-term funding for infrastructure development. Therefore, the development of the insurance sector is necessary to support and facilitate structural changes in the economy.

4.2 TITLE OF THE STUDY

The study's title is as follows:

“A COMPARATIVE STUDY OF FINANCIAL PERORMANCE EVALUTION OF SELECTED NON-LIFE INSURANCE COMPANIES OF INDIA”

4.3 STATEMENT OF THE PROBLEM

The primary goal of non-life insurance is to reduce the monetary losses brought on by unexpected liabilities, property damage, or damage. Most of the time, the value of this service is overlooked, and proper insurance is sought in order to protect against risks. In order to stay in business, insurers must keep a careful eye on their financial efficiency. To assess the performance of the business and finances, financial and business measures are determined.

Public sector insurers have historically held a strong position in the non-life insurance segment, serving as the dominant service providers until about ten years ago. However, the entry of the private sector, often in collaboration with foreign insurance companies, has brought about changes in the nature of services offered in this industry.

The primary objective of this study is to evaluate the business and financial performance of the non-life insurance segment, specifically focusing on both public and private insurers. Individual insurers exhibit varying levels of service provision, market share, premiums, and other economic benefits. Due to these fluctuations, it is crucial to gather quotes and financial information from multiple non-life insurers. This allows individuals to compare policies and select the most cost-effective and suitable option for their needs.

4.4 RESEARCH GAP

From the above literature review, the researcher experienced that various national and international studies were mostly conducted on life insurance and non-life insurance over a range of time periods and with a number of objectives. This provided room for the researcher to conduct additional research on the project "A comparative study of Financial Performance Evaluation of Selected Non-Life Insurance companies of India."

4.5 IMPORTANCE OF THE STUDY

Since it activates large savings and investments, turns insured funds into capital investments, and produces long-term funding for infrastructure development, the insurance industry is critical to the nation's economic progress. In order to promote the sector's healthy growth, this study seeks to look at and highlight important areas of the business and financial performance of Indian non-life insurers. Given the current situations, it is necessary to evaluate both the non-life insurers' performance and the government's role in regulating them. The study will improve the insurance industry's productivity in India, boost the nation's insurance market, and inform the populace about the risks it covers and its purchase process. Everyone involved in the non-life insurance industry, including IRDA and policyholders, should make special note of this report.

Moreover, the non-life insurance sector has been through a number of phases of development since assuming its present structure. In addition, we experience numerous obstacles both domestically and nationally. The goal of this research is to raise awareness of the need to support the nation's insurance industry's growth and to impart financial and business performance evaluation skills to those who face particular risks.

Nothing will be taken away from you. The primary goal of this study is to find ways of improving public awareness of the non-life insurance sector. In order to continue operating in today's opened market, insurance must guarantee high-quality goods at reasonable costs.

By reducing expenses, businesses can reduce the price of their goods. The performance of profitability, production, efficiency, and service quality will determine their sustainability. As a result, evaluation of these businesses' performance during the Indian Non-Life Insurers' Study period is required.

4.6 SCOPE OF STUDY

The purpose of this study is to examine the operational and financial results of Indian insurance businesses. The objective of this study is to assess the financial performance of a particular group of insurance firms. Using the financial performance of Indian non-life insurance companies from 2010–11 to 2019–20, this research helps identify which insurance companies are doing better.

4.7 OBJECTIVE OF STUDY

The present study has the following objectives.

- Get an overview of Indian non-life insurance companies.
- Analysis of financial performance of Indian non-life insurance companies.
- Providing Research Findings, and Conclusions.

4.8 NATURE OF STUDY

A number of factors, including the fact that the researcher analyzed information and data from a number of sources, the research has taken on an analytical character. Financial data will be collected from the chosen companies' annual reports and financial statements.

4.9 HYPOTHESIS OF THE STUDY

Hypothesis 1

Ho: There is no significance difference in Gross Premium Growth Rate (GPGR) of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Gross Premium Growth Rate (GPGR) of the different selected non-Life insurance companies during the study period.

Hypothesis 2

H0: There is no significance difference in Net Retention ratio (NRR) of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Net Retention ratio (NRR) of the different selected non-Life insurance companies during the study period.

Hypothesis 3

H0: There is no significance difference in Net Commission Ratio (NCR) of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Net Commission Ratio (NCR) of the different selected non-Life insurance companies during the study period.

Hypothesis 4

H0: There is no significance difference in Expense of Management to Gross Direct Premium Ratio of the different selected non-Life insurance companies during the study period

H1: There is significance difference in Expense of Management to Gross Direct Premium Ratio of the different selected non-Life insurance companies during the study period.

Hypothesis 5

H0: There is no significance difference in Combined Ratio of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Combined Ratio of the different selected non-Life insurance companies during the study period.

Hypothesis 6

H0: There is no significance difference in Operating Profit Ratio of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Operating Profit Ratio of the different selected non-Life insurance companies during the study period.

Hypothesis 7

H0: There is no significance difference in Return on net worth of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Return on net worth of the different selected non-Life insurance companies during the study period

Hypothesis 8

H0: There is no significance difference in Liquid Assets to Liabilities Ratio of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Liquid Assets to Liabilities Ratio of the different selected non-Life insurance companies during the study period.

Hypothesis 9

H0: There is no significance difference in Net Earnings Ratio of the different selected non-Life insurance companies during the study period.

H1: There is significance difference in Net Earnings Ratio of the different selected non-Life insurance companies during the study period.

4.10 TYPES OF RESEARCH

A number of research approaches can be used in a comparison study to evaluate the financial performance of a subset of Indian non-life insurance businesses in order to analyse and rate their operational and financial soundness. The following research methodology categories are frequently employed in these kinds of studies:

1. **Quantitative Methods**

   The collection and analysis of numerical data pertaining to non-life insurance businesses' financial performance is a key component of quantitative research. Financial statements, yearly reports, and regulatory filings may be examples of this. Financial ratios including profitability (return on equity, net profit margin), liquidity (current ratio, quick ratio), and efficiency (asset turnover, expense ratio) may all be calculated using quantitative analysis.

2. **Qualitative Methods**

   The objective of qualitative study is to comprehend the non-life insurance firms' financial performance from a qualitative perspective. To obtain information on topics including corporate governance procedures, business strategy, market positioning, and competitive advantages, this may entail conducting interviews with stakeholders, industry experts, and company leaders. In addition to providing depth and perspective, qualitative analysis enhances quantitative findings.

3. **Comparative Analysis**

   Comparative analysis compares the financial results of several non-life insurance providers with standard practices and with one another. This makes it possible to evaluate a company's performance in comparison to competitors and industry norms, as well as to discover the relative strengths and weaknesses of other companies. Setting performance goals and benchmarks is made simpler with the aid of comparative analysis.

4. **Descriptive Research**

   This type of research seeks to characterize the traits and attributes of the non-life insurance firms that are the subject of the investigation. An overview of each chosen company's financial performance data, such as revenue, profitability, market share, and growth rates, is provided via descriptive research.

5. **Trend Evaluation**

   Trend analysis looks at past financial data to find trends, patterns, and shifts in non-life insurance firms' financial performance over time. Analyzing patterns in important financial measures including market share, profitability, solvency, and revenue growth is part of this. Understanding long-term performance trajectories and projecting future financial performance are made easier with the aid of trend analysis.

4.11 METHODOLOGY OF THE STUDY

The study's secondary data was collected from the annual reports of Indian non-life insurance companies in the public and private sectors. Also, information has been collected from a number of journals, websites, including the Indian Insurance Statistics Handbook and Insurance Handbook, both published by the Insurance Reserve of India Association.

4.12 COLLECTION OF DATA

Data for this study were obtained from secondary sources. Secondary data were collected by searching annual reports of relevant public and private companies. Data from various year statistical tables on the insurance industry in India published by IRDA were used. IRDA annual report for the research period obtained from the website was also used. In addition, secondary data from his websites of various insurance companies, the IRDA website and other legal websites were used. Various magazines such as Times of India, Business Standard, Economic Times, Financial Express, daily newspapers and other published library manuscripts were scanned. Available literature and other data sources, both published and unpublished, were also used.

4.13 SAMPLE DESIGN

The present study is analytical in nature and based upon secondary sources of data collected from 9 private sector companies.

1. **Bajaj Allianz General Insurance Company Limited**

   A joint venture between Bajaj FinServ Limited and Allianz SE, Bajaj Allianz General Insurance Company Limited is owned 74% by the former and 26% by the latter. With its headquarters in the city of Pune, the company has helped millions of people, businesses, and communities in managing risk by offering specialist solutions for each of India's 57 insurance industries. These include travel, house, health, and cybersafe insurance as well as auto insurance. The organization works to deliver services that are as transparent and "yours with caution" as possible, together with the highest level of continuity and security.

   Bajaj Allianz General Insurance offers comprehensive health insurance plans So you can protect your health and your hard-earned money from wasting medical bills. It offers you and your family a diverse selection of affordable health insurance plans with multiple features and options that can be customized to your needs. It also covers medical expenses related to serious illness, childbirth and accidents. Overall, the health insurance plan offered by Bajaj Allianz General Insurance provides adequate coverage and provides adequate coverage for you and your loved ones.

2. **Reliance General Insurance Company Limited:**

   Reliance Capital is the sole owner of Reliance General Insurance Company Limited, an Indian private insurance provider and a member of the Reliance Anil Dhirubhai Ambani Group. It launched in 2000 and granted the authorization to conduct general insurance business in India by the Insurance Regulatory Authority of India (IRDAI) in the same year. The insurance provider provides coverage for homes, vehicles, health, travel, marine, and fire insurance.

   With over 28,900 agents and 139 offices across the country, this insurance firm is committed to providing innovative goods and unmatched customer service. In order to meet the healthcare demands of diverse client parts, Reliance General Health Insurance provides a broad range of health insurance products, such as Mediclaim individual plans, family floater plans, critical illness plans, and group health plans. This insurance company wants to make insurance policies available to everyone at a reasonable price.

3. **ICICI Lombard General Insurance Company Limited**

   One of the top private insurance providers in India is ICICI Lombard General Insurance Company. It is a joint venture between Fairfax Financial Holdings

Limited, based in Canada, and ICICI Bank Limited. The ICICI Lombard General Insurance Company has won numerous accolades throughout the years for its creative products and customer-centric business model.

A number of health insurance plans are available from ICICI Lombard General Insurance. ICICI Lombard General Insurance's health insurance products are made to offer comprehensive coverage and high-caliber assistance. ICICI Lombard Health Insurance provides customers with a super top-up plan in addition to ordinary health insurance plans, to safeguard them in the event that their basic health insurance coverage is depleted. As a result, the insurer is dedicated to meeting each policyholder's insurance needs.

4. **TATA AIG General Insurance Company Limited**

   The American International Group (AIG) and the Tata Group have partnered to form Tata AIG General Insurance Company Limited. TATA AIG General Insurance has been a part of the insurance business for almost 20 years, having started operations on January 22, 2001. Offering a variety of health insurance policies, including critical illness and particular sickness plans, the company has established itself as a household name in the insurance industry over the years due to its outstanding service and extensive range of goods. Through its cashless hospital network, which links over 3,000 institutions, the insurance business makes it possible for clients to pay claims swiftly, simply, and without difficulty.

5. **HDFC Ergo General Insurance Company Limited**

   Munich Re Group's major insurer, ERGO, and HDFC Ltd. have partnered to form HDFC ERGO, a 51:49 joint venture. With a 6.2% market share, HDFC ERGO is the third-biggest private property insurer. It provides retail products like cyber, home, auto, health, and travel insurance, as well as liability insurance, retail facility insurance, marine insurance, and other specially designed products for corporate spaces. 203 offices spread across 170 locations and a vast distribution network. Additionally, the business is dedicated to meeting the specific insurance requirements of corporate clients in the areas of liability, marine, and property insurance.

6. **IFFCO TOKIO General Insurance Company Limited**:

   Tokio Marine Group and Indian Farmers Fertilizer Cooperative Limited (IFFCO) have partnered to form IFFCO Tokyo General Insurance Company. With a 51 percent stake in the business, Tokio Marine Group is the biggest fertilizer maker in the world and one of India's biggest insurance firms. holds 49% of the shares and Japan. The company was established in 2000 and provides a broad range of insurance products, such as commercial insurance including liability and non-life insurance, as well as health, home, auto, bicycle, travel, and trip insurance.

We at IFFCO Tokyo General Insurance Company work to provide our customers peace of mind by providing a range of all-inclusive health insurance options that can be bought singly or as floaters to cover numerous relationships. IFFCO Tokyo health insurance plans come with a host of advantages, such as: In general, insurers provide specialized products to meet the needs of a diverse variety of social strata.

7. **Maxa Bupa Health Insurance Company Limited**

Founded in 2008, Niva Bupa Health Insurance Company Limited (previously known as Max Bupa Health Insurance) is a stand-alone health insurance provider. Niva Bupa Health Insurance is a Rs 250 billion enterprise, and True North and Bupa have supported its ambitions by maintaining a solid market growth trajectory through the 2021–2022 fiscal year. The insurer prioritizes customer centricity, product innovation, and digital capabilities in order to deliver financial security and healthcare access to its clientele.

8. **Kotak Mahindra General insurance company Ltd.**

As a joint venture between Kotak Mahindra Bank Ltd., its affiliates, and Old Mutual, a global insurance behemoth with its headquarters located in the United Kingdom, Kotak Mahindra General Insurance Company Ltd. was founded. Under the name Kotak Mahindra General Insurance Company Ltd., it was first in operation. Kotak Mahindra General Insurance Ltd. replaced Kotak Mahindra General Insurance Company Ltd. as the company's name.
Kotak Mahindra Bank became a wholly-owned subsidiary of the general insurance division by increasing its ownership from 74% to 100%.

9. **Universal Sopo General Insurance Company Limited**

The Indian non-life insurance sector's Universal Sompo General Insurance Company is a public-private joint venture between Allahabad Bank, Indian Overseas Bank, Karnataka Bank Ltd., Dabur Investment Corp., and Sompo Japan Nippon Koa Insurance Inc. The insurance provider provides a broad array of non-life insurance products in a basket that meets the various demands of various Indian populations. They include house insurance, auto insurance, health insurance, and travel insurance.

4.14 PERIOD OF THE STUDY

The study was conducted during a ten-year period, from 2018–19 to 2022–23. For a Five-year period, secondary data about the operations and financial performance of India's non-life insurance companies is gathered.

4.15 VARIABLES OF THE STUDY

(Table 4.1 Basis of Calculations of ratio)

S No.	Particulars	Basis of Calculations
1	Gross Premium Growth Rate (GPGR)	(Gross premium current year - Gross premium previous year) / Gross premium previous year * 100
2	Net Retention Ratio (NRR)	Net Premium / Gross Premium * 100
3	Net Commission Ratio (NCR)	Net Commission / Net Written premium * 100
4	Expense of Management to Gross Premium ratio (EMGDPR)	Expenses of management / Gross premium *100
5	Combined Ratio (CR)	(Net Incurred Claims / Net Earned Premium) + (Net Commission + Operating Expenses) / Net Written premium) *100
6	Operating Profit Ratio (OPR)	(Underwriting profit/loss + Investment income) / Net Earned Premium *100
7	Return on Net Worth Ratio (RONW)	Profit after tax / Net Worth *100

8	Liquid Assets to liabilities Ratio (LALR)	Liquid Assets/ Policyholders liabilities * 100
9	Net earnings Ratio (NER)	Profit after tax/ Net Earned Premium*100

(Source: Self Constructed)

1. Gross Premium Growth Rate (GPGR)

According to this, the company's annual bounty collection should increase at a steady rate. public domain the fierce competition from businesses in the private sector has caused non-life insurers' revenue from premiums to decline.

As a result, this ratio is crucial in this competitive environment. The greater the gross premium growth rate, the greater the probability of a company's survival.

2. Net Retention ratio (NRR):

This displays the quantity of current policyholders who are keeping their insurance with the same provider. Policyholders are moving from one firm to another if the NRR is low. Existing policyholders are more pleased with the insurer's services when this ratio is lower.

3. Net Commission Ratio (NCR)

The concept of consideration guides the operations of insurance firms. Commissions are paid to insurance agents by insurance firms from the premiums they receive. They are seen as operational costs that lower the profitability of the business. It's beneficial if the business gives you a lower commission on the premiums you bring in.

4. Expense of Management to Gross Direct Premium Ratio (EMGDPR)

According to this, a business's administrative expenses shouldn't go above its gross direct premiums written. The Expense of Management to Gross Direct Premium Ratio would be preferable the lower the ratio.

5. Combined Ratio (CR)

According to this, a business ought to experience as little in losses as possible from earned premiums. The combined ratio will be better the smaller the ratio.

6. Operating Profit ratio (OPR)

In terms of profitability, growth, and sustainability, it ought to be at its highest.

7. **Return on net worth (RNoW):**

Stated differently, the organization needs to optimize its yield on equity held by shareholders. From the standpoint of the shareholders, wealth maximization is the main objective. Maximizing Return on Net Assets (RNoW) is essential for drawing in and keeping investors.

8. **Liquid assets to liabilities (LALR)**

Both short-term and long-term liabilities must be covered by a company's cash and cash equivalents. This ratio shows how well-positioned the business is to pay down its debt in the near future. The solvency ratio increases with this ratio.

9. **Net Earnings Ratio (NER)**

The company's net earnings after taxes ought to be larger given the premiums received over the relevant period.

4.16 TOOLS OF ANALYSIS

- The statistical tools such as Descriptive Statistics, ANOVA
- The following statistical tools were worked to analyses and interpret the data.
- Accounting Tools: Ratios, Percentage, Average

1. **Descriptive Statistics**

Data analysis terms like "descriptive statistics" aid in the meaningful description, representation, or summarization of data so that patterns, for instance, can be identified in the data. The terms mean, median, standard deviation, and covariance were employed in descriptive statistics.

Mean: Generally speaking, the term "average" refers to the most common and extensively utilised method of summarizing all of the data into a single value.

$$\frac{X1 + X2 + X3 + \cdots XN}{N}$$

Median: The median by definition refers to the middle value in the distribution. In case of median one half of the items in the distribution have a value the size of the median value or smaller and one half of the items have a value the size of the median value or larger.

$$\frac{(Size\ of\ N + 1)}{2!}$$

Standard Deviation: The standard deviation measures the absolute dispersion or the variability of distribution, the greater the standard deviation, the greater will be the magnitude of the deviations of the values from their mean.

$$a^{1/n} = \sqrt{\sum X2}$$

2. ANOVA Test

To determine if survey or experiment data are significant, use an ANOVA test. Stated differently, they assist you in determining whether to accept the alternative hypothesis or reject the null hypothesis.

(Table 4.2 ANOVA single factor table)

Source of Variation	Sum of Squares	Degrees of Freedom	Mean Squares (MS)	F
Within	$SSW = \sum_{j=1}^{k}\sum_{j=1}^{l}(X-\bar{X}_j)^2$	$df_w = k - 1$	$MSW = \frac{SSW}{df_w}$	$F = \frac{MSB}{MSW}$
Between	$SSB = \sum_{j=1}^{k}(\bar{X}_j - \bar{X})^2$	$df_b = n - k$	$MSB = \frac{SSB}{df_b}$	
Total	$SST = \sum_{j=1}^{n}(\bar{X}_j - \bar{X})^2$	$df_t = n - 1$		

(Sources: https://cdn1.byjus.com/)

4.17 LIMITATIONS OF THE STUDY

- The current study covers only 9 of the private sectors non-life insurance in India.
- This study is based on secondary data only and is limited to only 9 years.

4.18 LAYOUT OF THE STUDY

The present study is divided into six chapters, which are as under:

CHAPTER-1 Introduction

This chapter provides an overview of the insurance industry. The chapter introduces insurance and goes over a number of insurance topics, including beneficiaries, insurers, risk insured, and control. The chapter also covers the background and definition of general insurance, its significance and role, its advantages and limitations, and the history of general insurance worldwide and in India.

CHAPTER-2 Conceptual framework of financial performance

This chapter showcases overview and Business Performance of selected Non-life Insurance Companies in India, like Bajaj Allianz General Insurance Company Limited, Reliance General Insurance Company Limited, ICICI Lombard General Insurance Company Limited, Maxa Bupa Health Insurance Company Limited, HDFC Ergo General Insurance Company Limited, TATA AIG General Insurance Company Limited, Kotak Mahindra General Insurance Company Limited, IFFCO TOKIO General Insurance Company Limited, Universal Sopo General Insurance Company Limited.

CHAPTER-3 Literature Review

This chapter seeks to assess previous research on multiple non-life insurance industry elements, including productivity, profitability, efficiency, and service quality, among other related topics.

CHAPTER-4 Research Methodology

This chapter was followed by the Introduction, Problem Statement, Study Importance, Study Objectives, Research Methodology, Study Scope, Study Limitations, and Study Layout.

CHAPTER-5 Data Analysis:

This chapter deals with the comparative study of financial Evaluation of selected non – life Insurance companies of India through different selected insurance companies related ratios like Gross Premium Growth Rate (GPGR), Net Retention Ratio (NRR), Net Commission Ratio (NCR), Expense of Management to Gross Premium ratio (EMGDPR), Underwriting balance Ratio (UBR), Operating Profit Ratio (OPR), Liquid Assets to liabilities Ratio (LALR), Net earnings Ratio (NER), Return on Net Worth Ratio (RONW)

CHAPTER-6 Summary, Findings and Conclusion of the Study

Summary of objectives and analysis used, Summary of hypothesis testing results, Major findings of the study, Conclusions are presented in this final chapter.

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CHAPTER-5

DATA ANALYSIS

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5.1 INTRODUCTION

The chapter focuses on evaluating the financial performance of selected non-life insurance companies over a period of five years. The purpose of this analysis is to assess the financial performance of each company and understand the financial position of the research unit from 2018-19 to 2022-23.

To evaluate the financial performance of the companies, various ratios have been observed. Financial ratios and ANOVA are important tools used to measure the performance and health of a company. They provide objective ways to assess the financial position and performance of a business. By analyzing these ratios and ANOVA over a period of five years, it is possible to gain insights into the financial performance of each company and understand their financial position during the research period.

It is important to note that the information provided in this response is based on general knowledge about financial ratios and their application in evaluating the financial performance of companies. For more specific information about the financial performance of the selected non-life insurance companies, it would be necessary to refer to the actual research or analysis conducted on these companies.

5.2 MEANING OF DATA COLLECTION

With the identification of a research problem and the setting up of a study design, the task of data gathering is started. To address the research challenge, information from all pertinent sources must be gathered as part of the data collection procedure. It enables figuring out the problem's solution. Using the data gathering approaches, one can draw conclusions on the important question's answer. Most organizations employ data collection methods to forecast future trends and probability.

5.3 MEANING OF DATA ANALYSIS

With data collection, the information needs to be processed and examined according to with the standards set forth in the research plan. Analysis is the process of calculating particular statistics and then looking for links between data sets. The systematic application of logical and/or statistical methods for defining, summing up, and evaluating data is known as data analysis. Businesses can receive accurate and beneficial knowledge through data analysis, which helps them achieve their vision and goal by informing future marketing plans and commercial strategies.

5.4 MEANING OF DATA INTERPRETATION

The interpretation method provides a theoretical framework that can be used as a guide for future research and allows for a deeper comprehension of the variables that seem to explain the phenomena observed by the researcher throughout the study.

5.5 GROSS DIRECT PREMIUM GROWTH RATE:

Gross Direct Premium Growth Rate ratio is a measure used to assess the growth rate of the total direct premiums written by an insurance company over a specific period of time. It indicates the percentage increase or decrease in the gross direct premium income of the company.

Gross Direct Premium Growth rate = (Gross premium current year - Gross premium previous year)

/ Gross premium previous year *100

Table:5.1 Gross Direct Premium Growth rate: (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	17.9	15.56	-1.65	8.9	12.04	10.55
Reliance	3.86	4.04	4.05	4.09	4.02	4.012
ICICI Lombard	17	-8	5	28	17	11.8
TATA AIG	30	-5	-9	25	31	14.4
HDFC EGRO	18.15	11.8	27.68	9.78	23.25	18.132
IFFCO TOKIO	24.32	13.7	5.65	0.5	16.78	12.19
Max Bupa	26	31	41	60	45	40.6
Kotak Mahindra	0.62	0.44	0.26	36	53	18.064
Universal Sopo	11.78	16.62	19.58	13.24	18.72	15.988

(Source: Annual Report of Accounts of respective companies from IRDA.)

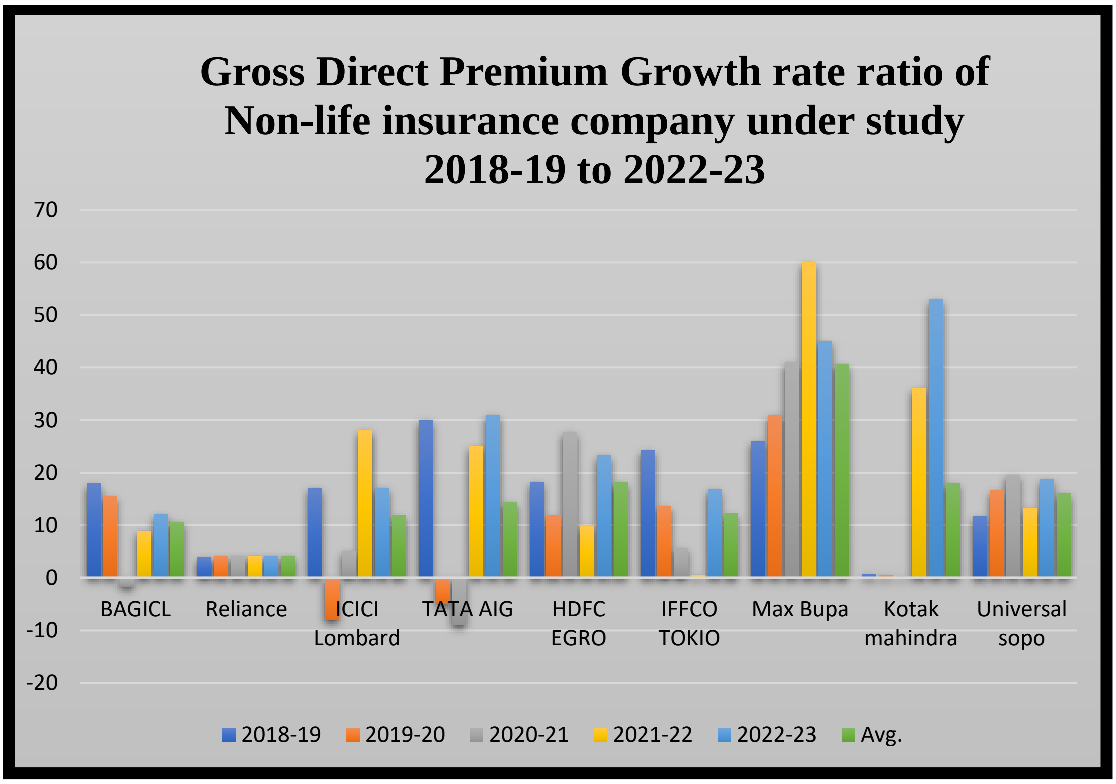
- **Interpretation:**

1. BAGICL's Gross Direct Premium Growth Rate shows the annual growth rate of its insurance business. It rose by 17.9% in 2019 and then dropped somewhat to 15.56% in 2020. The corporation experienced a 1.65% decline in 2021, but recovered with 8.90% growth in 2022. By 2023, the growth rate had further improved to 12.04%.

The average growth rate of BAGICL was 10.55% between 2019 and 2023. This shows the business's consistent expansion pattern over the years.

2. Reliance's Gross Direct Premium Growth Rate shows the annual growth rate of its insurance industry. It increased by 70.06% in 2019 before dropping to 62.46% in 2020 and 58.75% in 2021. In 2022 and 2023, the trend remained negative, with 56.30% and 53.67%, respectively. Reliance's growth rate from 2019 to 2023 was 4.012% on average. The company saw a slow decrease despite its rapid growth at first, which may indicate that its business dynamics changed over time.
3. The yearly expansion of ICICI Lombard's insurance company is determined by its Gross Direct Premium Growth Rate. It increased by 17% in 2019, demonstrating robust growth. But there was a -8% decrease in 2020. With a growth rate of 5% in 2021, the company recovered, and in 2022, it had significant growth at a rate of 28%. In 2023, growth remained similar at 17%. ICICI Lombard's growth rate from 2019 to 2023 averaged 11.8%, showing its overall good performance.
4. Tata AIG's Gross Direct Premium Growth Rate shows the yearly expansion of its insurance business. It increased by 30% in 2019, showing solid expansion. But in 2020, there was a -5% decrease, suggesting a minor regression. In 2021, the trend persisted, with a further -9% drop. However, the business made a significant comeback in 2022, growing at a rate of 25%. This positive trend continued into 2023, growing at a pace of 31%. Tata AIG's growth rate from 2019 to 2023 was 14.4% on average, showing strong performance overall despite some fluctuations.
5. The Gross Direct Premium Growth Rate for HDFC ERGO shows the company's annual growth in the insurance business. It increased by 18.15% in 2019 and then grew by a robust 11.8% in 2020. In 2021, the increase reached a significant peak of 27.68%. In 2022, it did, however, marginally decline to 9.78%. In 2023, the growth rate increased once again, reaching 23.25%. HDFC ERGO's growth rate from 2019 to 2023 averaged 18.13%, showing the company's strong success in the insurance industry.
6. The annual growth of IFFCO TOKIO's insurance company is calculated by its Gross Direct Premium Growth Rate. It increased by 24.32% in 2019, showing a strong performance. In 2020 and 2021, the growth rate reduced not much to 13.70% and 5.65%, however. But in 2022, it nearly came to a halt at 0.50%. Then, in 2023, there was a notable increase to 216.78%, maybe as a result of unique conditions. From 2019 to 2023, IFFCO TOKIO's growth rate was 12.19% on average.

7. Maxa Bupa tracks the annual growth of its insurance business using the Gross Direct Premium Growth Rate. It increased by 26% in 2019 and then further to 31% in 2020. By 2021, the growth had increased to 41%. There was a notable increase to 60% in 2022, but a little decline to 45% in 2023. Maxa Bupa's growth rate from 2019 to 2023 was 40.6% on average, which suggests strong growth and potential in the insurance sector.
8. Kotak Mahindra's Gross Direct Premium Growth Rate illustrates its insurance business growth each year. In 2019 and 2020, the growth rates were 0.62% and 0.44% respectively, showing steady but modest growth. However, there was a significant surge in 2022 with a growth rate of 36%. This accelerated even more in 2023 to 53%. On average, from 2019 to 2023, Kotak Mahindra's growth rate was 18.06%, highlighting a substantial increase, especially in the later year.
9. The Gross Direct Premium Growth Rate of Universal Sop indicates the annual growth rate of the company's insurance business. After rising by 11.78% in 2019, it grew by 16.62% in 2020. In 2021, the growth trend persisted, reaching a rise of 19.58%. But there was a minor decline to 13.24% in 2022. However, the business began to rise once more in 2023, expanding at a rate of 18.72%. Tata Universal Sopo's average growth rate from 2019 to 2023 was 15.98%.



5.5.1 ANOVA Test

- **Hypothesis:**

  Ho: There is no significance difference in Gross Direct Premium Growth rate of the different selected non-Life insurance companies during the study period

  H1: There is significance difference in Gross Direct Premium Growth rate of the different selected non-Life insurance companies during the study period

Table 5.2: ANOVA Single factor

Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	1725.39	4	431.347	1.81613	0.14775	2.64147
Within Groups	8312.79	35	237.508			
Total	10038.2	39				

- **Interpretation:**

The “F” test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 1.81 and the F calculated Value is 2.64. The p value is 0.14 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Gross Direct Premium Growth rate of the serval selected non-Life insurance companies over the study period.

5.6 NET RETENTION RATIO

This shows the number of current policyholders who are keeping their insurance with the same provider. Policyholders are moving from one firm another if the NRR is low. Existing policyholders are more pleased with the insurer's services when this ratio is lower. It is the opposite of the payout ratio, which measures the percentage of profit paid out to shareholders as dividends. The retention ratio is also called the plowback ratio.

Net Retention Ratio =

Net Premium / Gross Premium * 100

Table 5.3: Net Retention Ratio (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	70.06	62.46	58.75	56.3	53.67	60.248
Reliance	14	15	11	12	12	12.8
ICICI Lombard	64	71	75	73	71	70.8
TATA AIG	71	63	69	70	64	67.4
HDFC EGRO	50.14	49.86	52.27	51.85	52.63	51.35
IFFCO TOKIO	59.23	58.75	62.02	68.43	68.81	63.448
Max Bupa	77	77	77	77	78	77.2
Kotak Mahindra	88	86	87	77	70	81.6
Universal Sopo	66.53	68.34	61.05	46.23	51.84	58.798

(Source: Annual Report of Accounts of respective companies from IRDA)

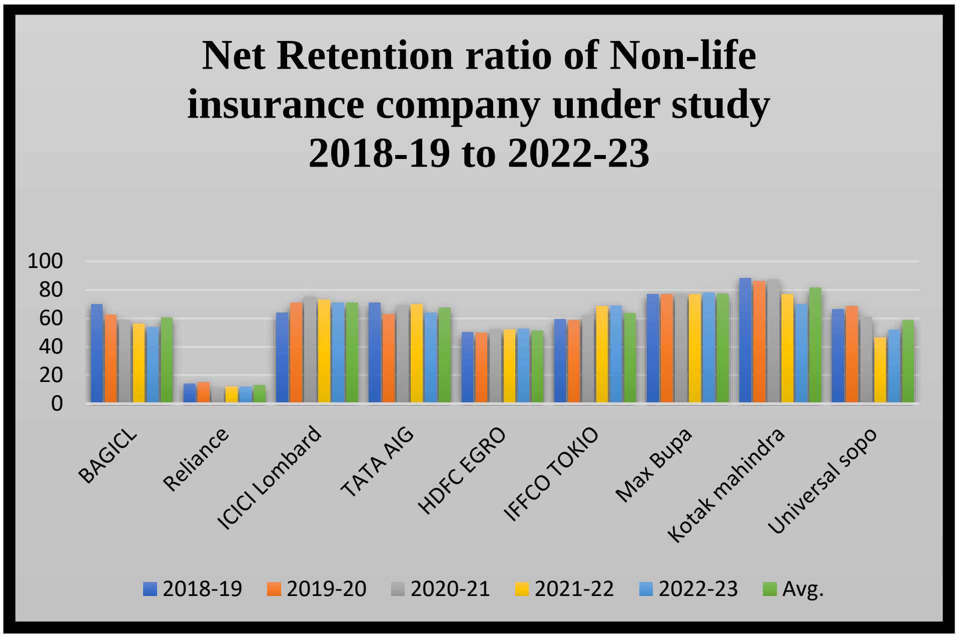
- **Interpretation:**

1. The amount of premium that BAGICL retains after paying out claims and reinsurance is shown by its Net Retention Ratio. It was 70.06% in 2019, indicating a high retention rate. But over time, this rate gradually dropped, reaching 53.67% in 2023. In general, BAGICL's Net Retention Ratio was 60.24% between 2019 and 2023. This implies a steady decline in the company's capacity to hold onto premiums following the payment of claims and reinsurance expenses.
2. The amount of premiums that Reliance retains after reinsurance is shown by its net retention ratio. It held on to 14% in 2019 and increased little to 15% in 2020. But in 2021, there was a drop to 11%. It levelled off at 12% in 2022 and 2023. From 2019 to 2023, Reliance's retention percentage was 12.8% on average. This implies that premium retention policies during these years have been consistent after taking reinsurance into account.
3. The Net Retention Ratio of ICICI Lombard shows the amount of premium it keeps after covering reinsurance costs. It showed growth in 2019 by keeping 64% of premiums, and in 2020, it grew to 71%. In 2021, the trend persisted with a 75% retention rate. It declined slightly to 73% in 2022 and then to 71% in 2023. Between

2019 and 2023, ICICI Lombard kept 70.8% of premiums on average. This suggests that it has been able to consistently hold onto a sizeable percentage of premiums over time.

4. The amount of premium retained by Tata AIG following the settlement of claims and other costs is shown by the company's Net Retention Ratio. It was 71% in 2019, indicating a high rate of retention. In 2020, there was a decline to 63%, suggesting a reduced percentage of retention. In 2022, the ratio increased somewhat to 69%, while in 2021 it was stable at 70%. In 2023, there was a minor decline to 64%. In general, Tata AIG's Net Retention Ratio was 67.4% between 2019 and 2023.
5. The amount of premium that HDFC Ergo keeps after reinsurance is indicated by its Net Retention Ratio. The percentage of premiums maintained decreased to 49.86% in 2020 from 50.14% in 2019. In 2021, it rose to 52.27%, nevertheless. With ratios of 52.63% and 51.85% in 2022 and 2023, respectively, the trend persisted. HDFC Ergo maintained 51.35% of premiums on average between 2019 and 2023, demonstrating steady performance in risk management and premium retention.
6. The amount of premium that IFFCO TOKIO keeps after paying reinsurance is shown by its Net Retention Ratio. It had a great start in 2019 with 59.23% of premiums retained. In 2020, the percentage dropped little to 58.75%. It did, however, recover to 62.02% in 2021. In 2022, the trend increased to 68.43%, indicating further strong trends. It increased even further to 68.81% in 2023. IFFCO TOKIO's Net Retention Ratio averaged 63.44% between 2019 and 2023, showing a steady and robust premium retention over time.
7. The Net Retention Ratio of Maxa Bupa is the amount of premiums that remain after deductions. The percentage stayed similar at 77% between 2019 and 2022, indicating stable retention. It went up a little to 78% in 2023. Between 2019 and 2023, Maxa Bupa kept 77.2% of premiums on average. This shows that the business has been managing policy renewals and client retention well, keeping premiums stable over time.
8. The percentage of insurance premiums retained following reinsurance is shown by Kotak Mahindra's Net Retention Ratio. It reached 88% in 2019, indicating a high retention rate. It went down a little to 86% in 2020 and then up to 87% in 2021. But there was a noticeable drop to 77% in 2022 and even lower to 70% in 2023. Kotak Mahindra's Net Retention Ratio, which shows its ability to hold onto premiums over time, averaged 81.6% between 2019 and 2023.

9. The amount of Universal Sopo's insurance premiums that it keeps after paying reinsurance is shown by its Net Retention Ratio. It maintained 66.53% in 2019 and 68.34% in 2020, demonstrating consistency. But it decreased to 61.05% in 2021, indicating a decline. The trend persisted in 2022, although there was a notable decline to 46.23%. However, in 2023, there was a minor improvement, coming in at 51.84%. Between 2019 to 2023, the ratio averaged 58.79%.



5.6.1 ANOVA Test

- **<u>Hypothesis:</u>**

Ho: There is no significance difference in Net Retention Ratio of the different selected non- Life insurance companies during the study period.

H1: There is significance difference in Net Retention Ratio of the different selected non-Life insurance companies during the study period.

Table 5.4: ANOVA Single factor

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	60.45031	4	15.11258	0.03107	0.998051	2.641465
Within Groups	17024.29	35	486.4082			
Total	17084.74	39				

- **Interpretation:**

The “F” test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.031 and the F calculated Value is 2.64. The p value is 0.99 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Net Retention Ratio of the serval selected non-Life insurance companies over the study period.

5.7 NET COMMISSION RATIO

Insurance businesses function according to the consideration concept. Commissions are paid to insurance agents by insurance firms from the premiums they receive. They are seen as operational costs that lower the profitability of the business. It's advantageous if the business gives you a lower commission on the premiums you collect.

Net Commission Ratio =

Net Commission / Net Written premium * 100

Table 5.5: Net Commission Ratio (In Percentage)

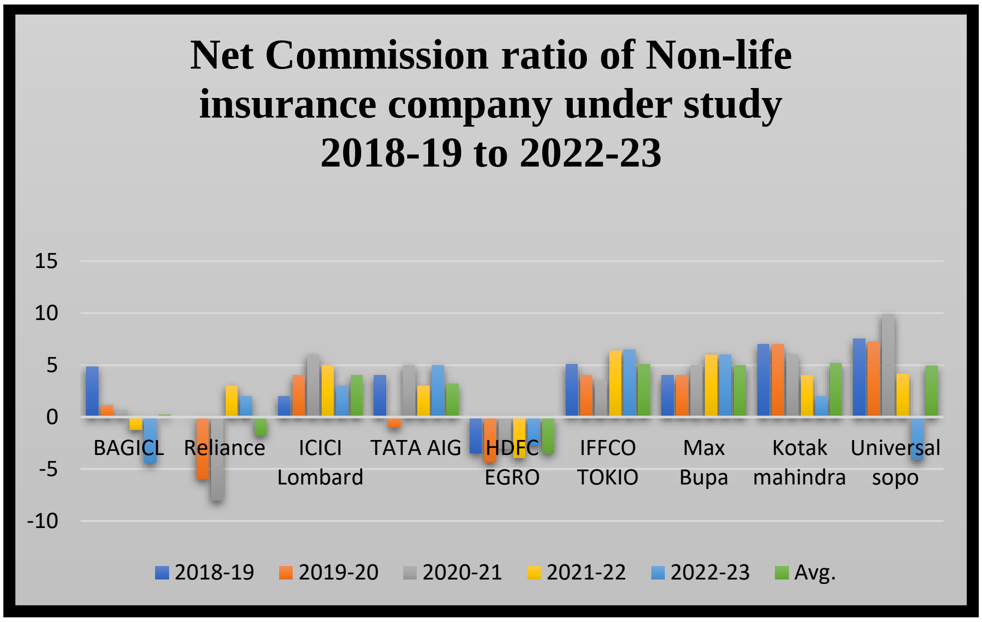
Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	4.82	1.14	0.67	-1.21	-4.41	0.202
Reliance	0	-6	-8	3	2	-1.8
ICICI Lombard	2	4	6	5	3	4
TATA AIG	4	-1	5	3	5	3.2
HDFC EGRO	-3.49	-4.35	-3.05	-3.9	-2.69	-3.496
IFFCO TOKIO	5.1	4.03	3.49	6.39	6.5	5.102
Max Bupa	4	4	5	6	6	5
Kotak Mahindra	7	7	6	4	2	5.2
Universal Sopo	7.52	7.24	9.91	4.15	-4.1	4.944

(Source: Annual Report of Accounts of respective companies from IRDA)

- **Interpretation:**

1. The amount of premiums retained after commissions are paid is displayed by BAGICL's Net Commission Ratio. It was 4.82% in 2019 but dropped to 1.14% in 2020, suggesting a decline. In 2021, the trend decreased even more, reaching 0.67%. It went negative at -1.21% in 2022, indicating that commissions were higher than premiums. In 2023, this downward trend became more pronounced, reaching -4.41%. The ratio was 0.21% on average between 2019 and 2023, indicating difficulties with commission management.
2. The percentage of insurance premiums that are distributed as commissions is shown by the Net Commission Ratio of Reliance. It was 0% in 2019, indicating that no commission was paid. On the other hand, the ratio was negative in 2020 and 2021, suggesting that commissions were higher than premiums. It turned positive at 3% in 2022, showing that a commission had been paid. In 2023, this somewhat dropped to 2%. The ratio averaged -1.8% between 2019 and 2023, indicating a trend of commission payouts exceeding premiums.
3. The percentage of premiums used for commissions is indicated by ICICI Lombard's Net Commission Ratio. It was 2% in 2019 and quadrupled to 4% in 2020, indicating a rise. It climbed to 6% in 2021, demonstrating growth. But by 2022, it had hardly decreased to 5%. It dropped to 3% by 2023. The ratio, which showed a moderate level of commission charges relative to premiums, averaged 4% between 2019 and 2023.
4. The percentage of premiums maintained after commissions are paid is indicated by Tata AIG's Net Commission Ratio. It was 4% in 2019, which is a reasonable amount. It did, however, become negative (-1%) in 2020, which may mean commission payments were higher than premiums. A 5% improvement was seen in 2021; however, in 2022, the ratio marginally decreased to 3%. It did, however, return to 5% in 2023. Between 2019 and 2023, the ratio was 3.2% on average.
5. The amount of premiums that HDFC EGRO spends on commissions is shown by its Net Commission Ratio. It was -3.49% in 2019, indicating a deficit. In 2020 and 2021, this tendency continued with -4.35% and -3.05%, respectively. The ratio showed a bigger deficit in 2022, reducing slightly to -3.90%. However, there was a minor improvement to -2.69% in 2023. The ratio was -3.49% on average between 2019 and 2023, indicating that commission costs were always greater than premiums.

6. The amount of premiums used to pay commissions is shown by IFFCO TOKIO's Net Commission Ratio. It was 5.10% in 2019 and reduced to 4.03% in 2020, indicating a small dip. It declined even more to 3.49% in 2021, showing a trend. But in 2022, there was an obvious rise to 6.39%, and in 2023, this development persisted to reach 6.50%. The ratio was 5.10% on average between 2019 and 2023, showing conformity in spite of variations.
7. The amount of premiums used for commissions is shown by Maxa Bupa's Net Commission Ratio. At four percent, it was steady in 2019 and 2020. It grew somewhat to 5% in 2021, indicating an increase in commission costs. In 2022 and 2023, this tendency continues and reached 6%. The business spent 5% of its premiums on commissions on average between 2019 and 2023, which shows a steady trend in commission spending over time.
8. The Kotak Mahindra Company's Net Commission Ratio displays the percentage of premiums it pays in commissions. It remained stable at 7% in both 2019 and 2020. In 2021, there was a 6% decline, though. A after decline to 4% in 2022 and 2% in 2023 followed this pattern, showing a decline in commission costs. The ratio was 5.2% on average between 2019 and 2023, indicating a steady decline in commission payments.
9. The percentage of Universal Sopo's premiums that are utilised to pay commissions is seen in the company's net commission ratio. It showed stability in 2019 and 2020, with 7.52% and 7.24%, respectively. But in 2021, there was a noticeable rise to 9.91%, which suggested increased commission costs. In 2022, the percentage significantly decreased, falling to 4.15%. It unexpectedly went negative at -4.10% in 2023. With variations across the years, the ratio averaged 4.94% from 2019 to 2023.



5.7.1 ANOVA Test

- **<u>Hypothesis:</u>**

H0: There is no significance difference in Net Commission Ratio of the different selected non-Life insurance companies during the study period

H1: There is significance difference in Net Commission Ratio of the different selected non-Life insurance companies during the study period

Table 5.6: ANOVA Single factor

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	15.35088	4	3.837719	0.197071	0.938252	2.641465
Within Groups	681.583	35	19.4738			
Total	696.9338	39				

- **<u>Interpretation:</u>**

The “F” test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.19 and the F calculated Value is 2.64. The p value is 0.93 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Net commission Ratio of the serval selected non-Life insurance companies over the study period.

5.8 EXPENSE OF MANAGEMENT TO GROSS PREMIUM RATIO

According to this, a business's administrative expenses should not exceed its gross direct premiums written. The Expense of Management to Gross Direct Premium Ratio would be more beneficial the lower the ratio.

Expense of Management to Gross Premium ratio =

Expenses of management / Gross premium * 100

Table 5.7: Expense of Management to Gross Premium ratio (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	23.84	24.63	22.71	22.15	24.04	23.474
Reliance	21	22	24	25	28	24
ICICI Lombard	21	27	29	30	30	27.4
TATA AIG	29	30	32	31	30	30.4
HDFC EGRO	20.75	23.19	24.53	22.87	22.87	22.842
IFFCO TOKIO	14.94	16.95	16.11	19.36	19.43	17.358
Max Bupa	50	46	44	42	41	44.6
Kotak Mahindra	44	41	38	40	44	41.4
Universal Sopo	21.73	19.39	23.07	16.23	19.96	20.076

(Source: Annual Report of Accounts of respective companies from IRDA.)

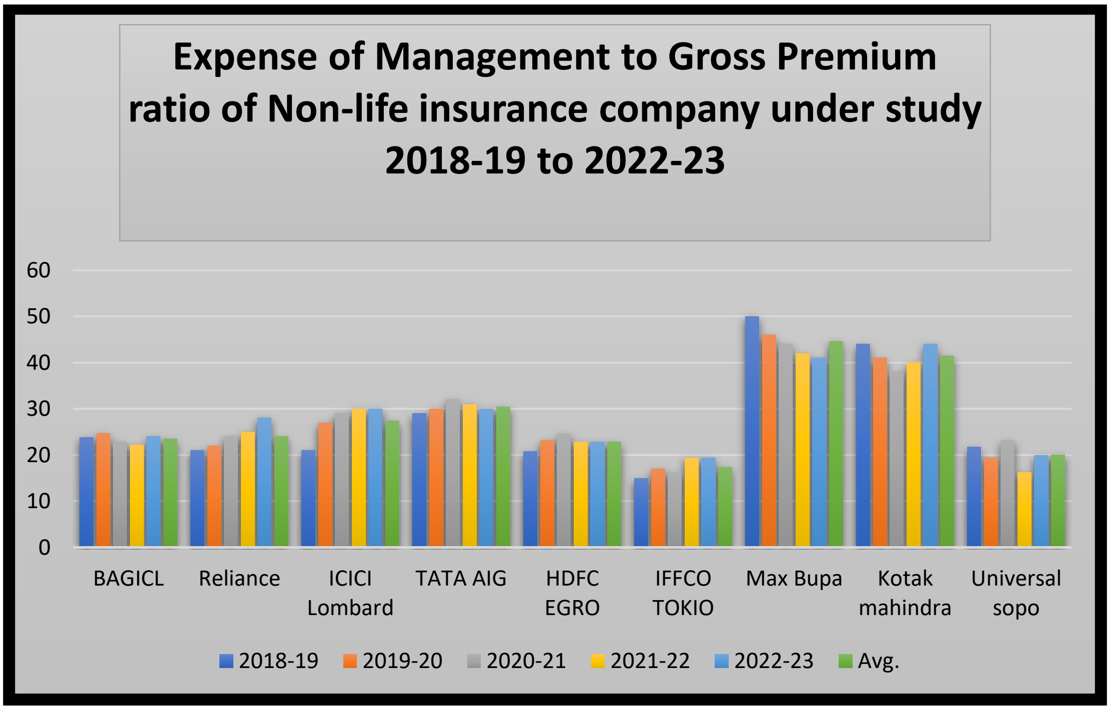
- **Interpretation:**

1. The percentage of premiums spent for management expenses is displayed by BAGICL's Expense of Management to Gross Premium Ratio. It was 23.84% in 2019 and 24.63% in 2020, respectively, showing steady management expenses. However, a minor decline to 22.71% in 2021 showed efficiency. In 2022, this pattern continued and decreased even lower to 22.15%. However, it rose to 24.04% in 2023. The ratio was 23.47% on average between 2019 and 2023, indicating steady spending control in relation to premiums.

2. The amount that Reliance spends on managing expenses in relation to its premium income is indicated by the Expense of Management to Gross Premium Ratio. It was 21% in 2019 and 22% in 2020, respectively, showing steady effectiveness of management. But in 2021, there was a rise to 24%, indicating increased costs. This pattern continued in 2022, rising to 25%, and in 2023 it increased even higher, to 28%. The ratio was 24% on average between 2019 and 2023, showing a consistent increase in managerial costs over time.
3. The percentage of premiums used for management expenses is displayed by ICICI Lombard's Expense of Management to Gross Premium Ratio. It was 21% and 27% in 2019 and 2020, accordingly, showing a slow rise. In 2021, this pattern continued and reached 29%. It held stable at 30% in 2022 and 2023 as well. The ratio was 27.4% on average between 2019 and 2023, showing stable levels of management expenses in relation to gross premiums over that time.
4. The percentage of premiums utilised to manage expenses is shown by TATA AIG's Expense of Management to Gross Premium Ratio. Between 2019 and 2023, it varied between 29% and 32%. It was 29% in 2019, increased little to 30% in 2020, and remained at 30% in 2023. Nonetheless, it rose to 32% and 31%, respectively, in 2021 and 2022. The ratio was 30.4% on average across these years, showing steady trends in management spending in relation to gross premiums.
5. The percentage of premiums spent for management expenses is displayed by HDFC EGRO's Expense of Management to Gross Premium Ratio. It was 20.75% in 2019 and went up a little to 23.19% in 2020 and 24.53% in 2021, showing rising costs in comparison to premiums. But between 2022 and 2023, it reached a stable 22.87%. The ratio was 22.84% on average between 2019 and 2023, showing steady levels of management expenditure over time.
6. The percentage of IFFCO TOKIO's premium that is allocated to spending oversight is displayed by the ratio of expense management to gross premium. It showed a minor increase in 2019 and 2020, standing at 14.94% and 16.95%, respectively. It was 16.11% in 2021, indicating stability. However, there was an obvious rise to 19.36% and 19.43% in 2022 and 2023, respectively. The ratio was 17.35% on average between 2019 and 2023, indicating steady trends in management expenses over time.
7. The portion of Maxa Bupa's premium that goes towards managing expenses is indicated by the ratio of Expense of Management to Gross Premium. It was 50% in

2019, 46% in 2020, and 44% in 2021, all of which showed effective management. With modest declines to 42% in 2022 and 41% in 2023, this trend persisted. The ratio was 44.6% on average between 2019 and 2023, showing a continuous commitment to control costs in relation to premiums.

8. The proportion of Kotak Mahindra's premium that is allocated to expense management is shown by the company's Expense of Management to Gross Premium Ratio. It was 44% in 2019, dropped somewhat to 41% in 2020, and then dropped even more to 38% in 2021—all of which are indicative of good cost control. It did, however, increase to 40% in 2022 before falling back to 44% in 2023. The ratio was 41.4% on average between 2019 and 2023, indicating continuity with sometimes variations.
9. The percentage of premiums spent on managing expenses is shown by Kotak Mahindra's Expense of Management to Gross Premium Ratio. It was 21.73% in 2019 and dropped to 19.39% in 2020. It did, however, move to 23.07% in 2021, indicating higher management expenses. In 2022, the statistic turned around and dropped to 16.23%, suggesting improved spending control. It went up a little to 19.96% in 2023. Relative consistency was shown by the ratio, which was 20.07% on average between 2019 and 2023.



5.8.1 ANOVA Test

- **Hypothesis:**

  Ho: There is no significance difference in Expense of Management to Gross Direct Premium Ratio of the different selected non-Life insurance companies during the study period

  H1: There is significance difference in Expense of Management to Gross Direct Premium Ratio of the different selected non-Life insurance companies during the study period

Table 5.8: ANOVA Single factor

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	12.45397	4	3.113491	0.03029	0.998145	2.641465
Within Groups	3597.593	35	102.7884			
Total	3610.047	39				

- **Interpretation:**

The "F" test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.03 and the F calculated Value is 2.64. The p value is 0.99 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Expense of Management to Gross Premium ratio of the serval selected non-Life insurance companies over the study period.

5.9 COMBINED RATIO

According to this, a business should incur as little in losses as possible from earned premiums. The combination of the ratio will be better the smaller the ratio. The combined ratio shows the underwriting profitability of the insurer. The ratio does not take into account the investment profits.

Combined Ratio =

((Net Incurred Claims / Net Earned Premium) + ((Net Commission + Operating Expenses) / Net Written premium) * 100

Table 5.9: Combined Ratio (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	96.69	100.83	96.89	99.64	100.5	98.91
Reliance	112	110	113	108	110	110.6
ICICI Lombard	99	100	100	109	104	102.4
TATA AIG	103	110	103	108	110	106.8
HDFC EGRO	98.74	105.26	103.25	107.48	89.3	100.806
IFFCO TOKIO	106.69	103.93	107.79	116.52	111.24	109.234
Max Bupa	107	102	102	107	97	103
Kotak Mahindra	115	112	107	122	121	115.4
Universal Sopo	108.44	101.3	101.15	102.42	99.7	102.602

(Source: Annual Report of Accounts of respective companies from IRDA.)

- **Interpretation:**

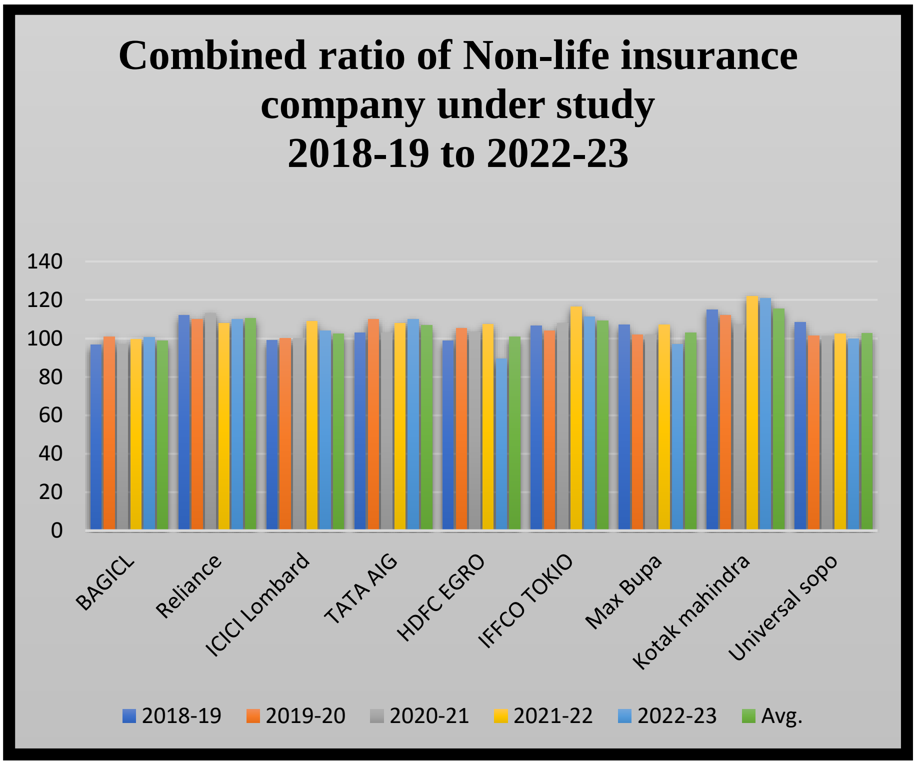
1. The relationship between claim paid and expenses is displayed by the BAGICL Combined Ratio. It was 96.69% in 2019, meaning that less money was paid out in claims and expenditures than was made by the business. It rose to 100.83% in 2020, indicating a decline. In 2021 and 2022, the ratio remained near 100%, indicating a balance between earnings and expenses. It increased little to 100.50% in 2023. Between 2019 and 2023, the ratio averaged 98.91%.
2. The percentage of premium money allocated to paying claims and expenses is shown by the Combined Ratio of Reliance. It peaked in 2019 at 112% and declined little to 110% in 2020. It climbed to 113% in 2021, indicating problems controlling expenses. In 2022, there was a 108% improvement in the ratio. It held steady at 110% in 2023. The combined ratio was 110.6% on average between 2019 and 2023, indicating the company's operating efficiency throughout that time.
3. The ICICI Lombard Combined Ratio shows its costs and claims in relation to premium income. It was 99% and 100% in 2019 and 2020, respectively, showing effective operations. It did, however, climb to 100% and 109% in 2021 and 2022,

showing larger costs than premium income. It increased somewhat to 104% in 2023. The ratio was 102.4% on average between 2019 and 2023, indicating that the company's total expenses were slightly greater than its premium income.

4. The relationship between TATA ATG's expenses and earned premiums is displayed by its Combined Ratio. It was 103 in 2019, showing that costs had surpassed premiums received. In 2020, this climbed to 110 due to increased costs. It did, however, rise to 103 in 2021, suggesting superior money management. It grew once again to 108 and 110 in 2022 and 2023, respectively, indicating rising costs. The ratio was 106.8 on average between 2019 and 2023, which represents total spending levels.
5. Lower numbers suggest stronger profitability, as seen by HDFC ERGO's combined ratio. It was 98.74% in 2019, which suggests profitability. It did, however, rise to 105.26% in 2020 and 103.25% in 2021, suggesting higher costs. In 2022, this trend persisted and reached 107.48%. However, there was a notable improvement in 2023, with a decrease of 89.30%. The ratio was, on average, 100.80% from 2019 to 2023, indicating generally balanced performance despite volatility.
6. IFFCO TOKIO's combined ratio, which displays its profitability, is calculated by dividing expenses + claims by premiums received. It was 106.69% in 2019 and went down to 103.93% in 2020. But in 2021, it got once more to 107.79%, indicating higher costs. In 2022, the trend continued and reached 116.52%. However, in 2023, there was a minor improvement, with a drop to 111.24%. The ratio averaged 109.23% between 2019 and 2023, suggesting challenges with maintaining profitability.
7. Maxa Bupa's combined ratio shows how well-managed its finances are when it comes to paying claims and running expenses. It reached an all-time high of 107% in 2019, indicating higher costs than premiums. In 2020 and 2021, there was a marginal improvement, both at 102%. But it increased once again to 107% in 2022. In 2023, the corporation achieved significant advancements, as seen by a 97% ratio that suggested increased efficiency. The ratio was 103% on average between 2019 and 2023, which represents overall operational performance.
8. Kotak Mahindra's Combined Ratio displays the percentage of premiums paid to claims and costs. At 115 in 2019, it was high, suggesting that costs were more than premiums. In 2020, it marginally improved to 112. It dropped even lower to 107 in 2021, suggesting improved performance. But in 2022, there was a setback with a

ratio of 122, indicating higher costs. It decreased little to 121 in 2023. Between 2019 to 2023, the ratio averaged 115.4.

9. Universal Sopo's profitability is indicated by its Combined Ratio. At 108.44% in 2019, it indicated that expenses had surpassed premiums. In 2020, this increased to 101.30%, indicating stronger financial results. In 2021, it remained same at 101.15%. In 2022, there was a minor rise to 102.42%, just. In 2023, the trend positively reverted to 99.7%. The ratio was 102.60% on average between 2019 and 2023, showing a generally difficult but improving financial situation.



5.9.1 ANOVA Test

- **<u>Hypothesis:</u>**

Ho: There is no significance difference in Combined Ratio of the different selected non-Life insurance companies during the study period

Ha: There is significance difference in Combined Ratio of the different selected nonlife insurance companies during the study period

Table 5.10: ANOVA Single factor

Source of Variation	SS	df	MS	F	*P-value*	*F crit*
Between Groups	147.0653	4	36.76632	0.879607	0.486091	2.641465
Within Groups	1462.95	35	41.79858			
Total	1610.016	39				

- **Interpretation:**

The "F" test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.87 and the F calculated Value is 2.64. The p value is 0.48 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Combined Ratio of the serval selected non-Life insurance companies over the study period.

5.10 OPERATING PROFIT RATIO

The operating profit ratio is a financial metric that measures the relationship between a company's operating profit and its net sales. It is used to determine the efficiency of a firm in earning revenue after covering all its operating expenses. operating profit ratio helps assess a company's profitability by analyzing how much profit it generates for each dollar of sales.

Operating Profit Ratio =

(Underwriting profit/loss + Investment income) / Net Earned Premium

Table 5.11: Operating Profit Ratio (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	13.54	14.45	19.23	18.2	16.21	16.326
Reliance	5	11	14	13	12	11
ICICI Lombard	15	16	19	14	16	16
TATA AIG	3	7	9	7	10	7.2
HDFC EGRO	12.96	8.92	11.41	6.9	30.69	14.176
IFFCO TOKIO	3.48	7.04	3.37	-3.52	-1.61	1.752
Max Bupa	13	14	11	3	13	10.8
Kotak Mahindra	-21	-13	-3	-12	-5	-10.8
Universal Sopo	7.28	13.72	15.85	8.2	9.64	10.938

(Source: Annual Report of Accounts of respective companies from IRDA.)

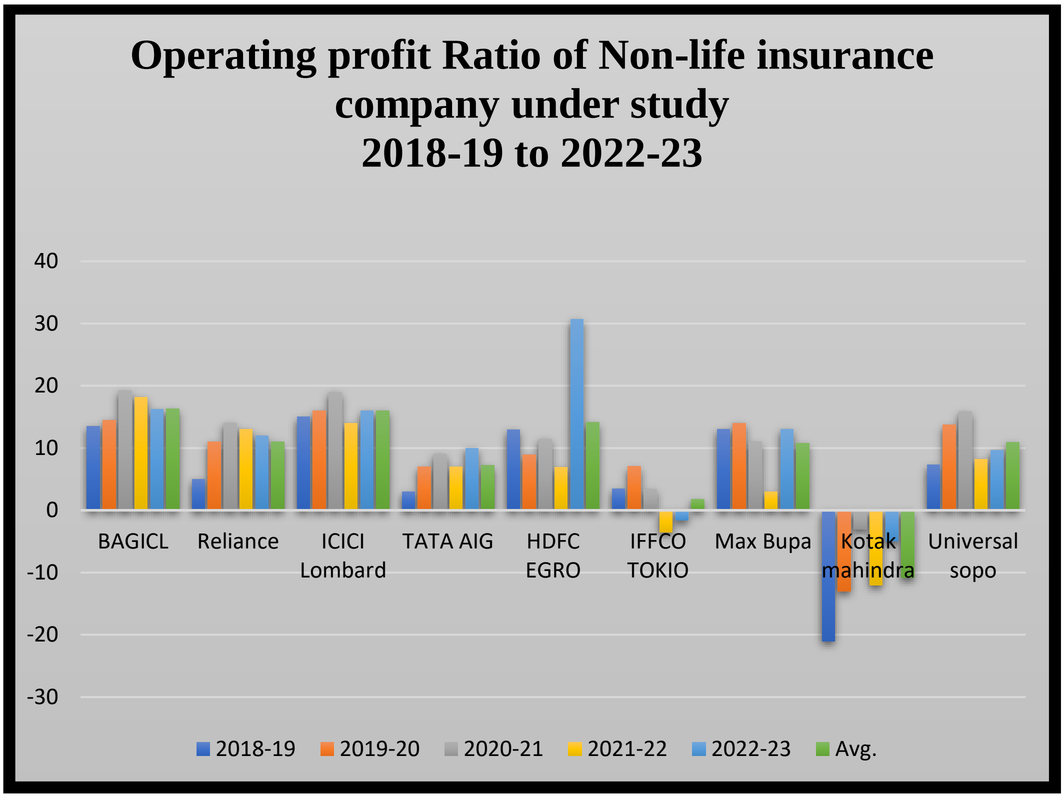
- **<u>Interpretation:</u>**

1. BAGICL's operating profit ratio shows how profitable its business operations can be. It was 13.54% in 2019, which is a respectable profit margin. By 2020, this had improved to 14.45%, indicating growth. In 2021, the trend held steady, rising to 19.23%, a sign of robust profitability. It dropped to 18.20% in 2022, but it was still a sizable margin. Nevertheless, there was an additional decrease to 16.21% in 2023. The ratio was 16.32% on average between 2019 and 2023, indicating generally strong operating profitability despite changes.
2. Reliance's operating profit ratio calculates how well the company turns a profit from its operations. It was just 5% in 2019, which suggests a decline in profitability. In 2020, there was a significant increase to 11%, indicating improved operational effectiveness. This rising trend persisted in 2021, rising to 14% and showing additional expansion. In 2022, it dropped somewhat to 13%, although it was still strong. In 2023, the ratio remained steady at 12%. The company's operating profit ratio remained stable at 11% on average between 2019 and 2023, indicating steady operational success.
3. ICICI Lombard's operating profit ratio shows how profitable its business activities may be. It was 99% in 2019, which is almost breaking even. This stayed at 100% in 2020 and 2021, indicating steady performance. The percentage improved to 109% in 2022, suggesting higher profitability. It did, however, somewhat decline to 104% in 2023. The average ratio for the time was surprising low at 16%, suggesting that even in the face of individual yearly achievements, there may have been notable variations or exceptional conditions affecting profitability.
4. TATA AIG's operating profit ratio shows how effectively company generates profits from its business activities. It was 3% in 2019, suggesting a moderate level of profitability. In 2020, this doubled to 7%, indicating better performance. The trend continued in 2021, with growth reaching 9%. It decreased marginally to 7% in 2022, but it significantly increased to 10% in 2023. The ratio, which fluctuated during the years, showed steady profitability and efficiency in operating activities from 2019 to 2023 on average of 7.2%.
5. The HDFC ERGO's operating profit ratio demonstrates how well the company generates profits from its activities. It was 12.96% in 2019, which is a healthy level

of profitability. But by 2020, it had dropped to 8.92%, suggesting potential difficulties. In 2021, the ratio showed signs of improvement, rising to 11.41%. However, it fell sharply to 6.90% in 2022, indicating operational challenges. But in 2023, there was a notable increase to 30.69%, suggesting that the recovery was strong. The ratio was 14.17% on average between 2019 and 2023, indicating generally excellent operating profitability with some variations.

6. The ability of IFFCO TOKIO to turn a profit from its operations is demonstrated by its operating profit ratio. It was 3.48% in 2019, which is an average profit margin. In 2020, this dramatically improved to 7.04%, indicating higher profitability. But in 2021, there was a drop to 3.37%, indicating lower operational profitability. With a negative ratio of -3.52% in 2022, the trend deteriorated and showed operational losses. The average ratio from 2019 to 2023 was 1.75%, indicating a mixed performance with potential for improvement, even though it improved to -1.61% in 2023.
7. The efficiency with which Maxa Bupa generates money from its operations is demonstrated by its operating profit ratio. The percentage remained stable at 13% in both 2019 and 2023. In 2020, there was a minor rise to 14%, indicating increased profitability. But by 2021, it had dropped to 11%, suggesting a decline. In 2022, the ratio fell to 3%, indicating a decline in operating profitability. The ratio was 10.8% on average between 2019 and 2023, showing some variations but generally moderate operating profit generation.
8. The Kotak Mahindra Company's operational profit ratio assesses the company's capacity to turn a profit. It was -21% in 2019, suggesting a loss on operations. 2020 saw a small rise to -13%, but the situation remained negative. The ratio showed a narrower decline in 2021 as it dropped to -3%. But it went up to -12% once more in 2022, indicating a decline. There was a minor improvement to -5% in 2023. The ratio was -10.8% on average between 2019 and 2023, indicating continued challenges in turning a profit from operations.
9. Universal Sopo's operating profit ratio demonstrates the profitability of its key business operations. It was 7.28% in 2019, which suggests moderate profitability. But in 2020, there was a notable rise to 13.72%, indicating higher profitability. With a ratio of 15.85% in 2021, this trend showed even more growth. It dropped to 8.20% in 2022, suggesting a minor decline. There was a minor increase to 9.64% in 2023.

The ratio was 10.93% on average between 2019 and 2023, indicating generally consistent profitability with performance variations.



5.10.1 ANOVA Test

- **<u>Hypothesis</u>**

Ho: There is no significance difference in Operating Profit Ratio of the different selected non-Life insurance companies during the study period

H1: There is significance difference in Operating Profit Ratio of the different selected non-Life insurance companies during the study period

Table 5.12: ANOVA Single factor

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	256.7788	4	64.19471	0.700072	0.597142	2.641465
Within Groups	3209.403	35	91.69724			
Total	3466.182	39				

- **Interpretation**

The “F” test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.70 and the F calculated Value is 2.64. The p value is 0.59 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Operating Profit Ratio of the serval selected non-Life insurance companies over the study period.

5.11 RETURN ON NET WORTH

Take it another way, the company needs to maximize its return on shareholders' equity (RNoW) in order to draw in and keep investors. The shareholders' main objective is to maximize wealth.

Return on net worth =

Profit after tax / Net Worth * 100

Table 5.13: Return on Net Worth Ratio (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	15.33	16.78	18.65	16.04	14.06	16.172
Reliance	13	14	10	11	11	11.8
ICICI Lombard	20	19	20	14	17	18
TATA AIG	10	13	15	13	14	13
HDFC EGRO	19.32	12.86	20.21	15.57	18.05	17.202
IFFCO TOKIO	7.93	11.5	8.33	1.8	3.5	6.612
Max Bupa	-18	-18	-9	-39	2	-16.4
Kotak Mahindra	-32	-17	1	-36	-34	-23.6
Universal Sopo	1.93	4.39	3.5	10.51	13.93	6.852

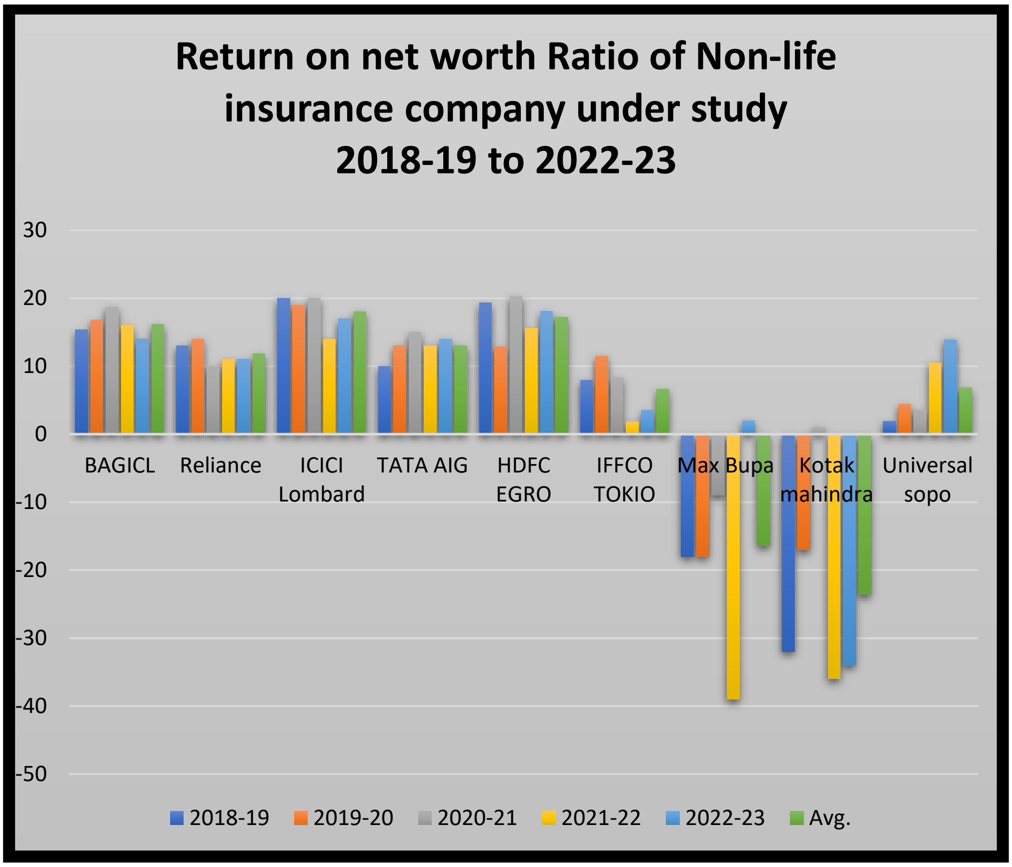
(Source: Annual Report of Accounts of respective companies from IRDA.)

- **Interpretation**

1. The profitability of BAGICL in relation to the equity held by its shareholders is measured by its Return on Net Worth Ratio. It was 15.33% in 2019, which shows strong results. 2020 saw a minor uptick to 16.78%, indicating higher profitability. With a ratio of 18.65% in 2021, this pattern of behavior was still present and suggested even bigger returns. Nevertheless, it fell to 16.04% in 2022 and then to 14.06% in 2023. The ratio was 16.17% on average between 2019 and 2023, showing generally stable profitability with a few differences in performance over time.
2. The efficiency with which the business makes money off of the equity held by shareholders is shown by the Return on Net Worth Ratio of Reliance. It was 13% and 14% in 2019 and 2020, respectively, indicating strong returns. But in 2021, it fell to 10%, signifying a decline in profitability. In 2022 and 2023, this pattern persisted, staying at 11%. The ratio was 11.8% on average between 2019 and 2023, indicating a comparatively stable but slightly declining trend in profitability in comparison to previous years.
3. ICICI Lombard's Return on Net Worth Ratio illustrates the profitability of the company in relation to its net worth. It was 20% in 2019, which is a significant indication of profitability. It declined little to 19% in 2020 but stabilized in 2021, rising back to 20%. But in 2022, there was a drop to 14%, indicating decreased profitability. By 2023, the ratio had improved to 17%. The ratio was 18% on average between 2019 and 2023, demonstrating strong performance in spite of variations in profitability over time.
4. TATA AIG's return on net worth ratio shows how profitable the company is in comparison to the equity held by its shareholders. It was 10% in 2019, which is a good return on investment. 2020 saw an increase to 13%, indicating more profitability. This pattern continued in 2021 and reached 15%, suggesting additional expansion. It declined little to 13% in 2022, but it held steady. In 2023, it rose to 14% once more. The ratio was 13% on average between 2019 and 2023, indicating constant and robust profitability in relation to the company's equity.
5. The HDFC EGRO's return on net worth ratio shows how profitable the company is in relation to its net worth. It was 19.32% in 2019, indicating robust returns. But in 2020, there was a drop to 12.86%, suggesting decreased profitability. In 2021, the pattern positively reversed to 20.21%, suggesting better performance. It dropped to 15.57% in 2022, but then increased to 18.05% in 2023. The ratio was 17.20% on

average between 2019 and 2023, indicating generally strong returns with performance variations over time.

6. The profitability of IFFCO TOKIO when compared to its net worth is shown by its return on net worth ratio. It was 7.93% in 2019, indicating respectable results. 2020 saw a notable increase to 11.50%, a sign of increased profitability. But by 2021, it had dropped to 8.33%. There was a significant decline to 1.80% in 2022, indicating decreased profitability. However, in 2023 there was a small recovery to 3.50%. The ratio was 6.61% on average between 2019 and 2023, indicating generally moderate profitability with significant performance shifts.
7. Maxa Bupa's profitability in relation to its net worth is indicated by its return on net worth. It was -18% in 2019 and 2020, meaning losses were greater than net worth. In 2021, it was -9% as well, indicating that losses would persist. But in 2022, there was a significant drop to -39%, indicating a substantial loss. In 2023, the trend saw a beneficial reversal and reached 2%, indicating a return to profitability. The ratio was -16.4% on average between 2019 and 2023, indicating difficulties with profitability during that time.
8. Kotak Mahindra's profitability in relation to its net worth is gauged by the company's return on net worth ratio. It was -32% in 2019, meaning that losses were greater than net worth. 2020 saw some improvement, however it was still negative with a ratio of -17%. With a positive ratio of 1%, 2021 signalled a turnaround and demonstrated profitability. But in 2022, it fell once more to -36%, and in 2023, it slightly increased to -34%. The ratio was -23.6% on average between 2019 and 2023, indicating overall unprofitability in relation to net worth with variable performance.
9. Universal Sopo's Return on Net Worth Ratio shows how well the company uses shareholder equity to generate profits. It was 1.93% in 2019, indicating average profits. 2020 saw a notable increase to 4.39%, indicating better performance. It fell slightly to 3.50% in 2021. But in 2022, there was a notable increase to 10.51%, showing significant profitability. With a ratio of 13.93% in 2023, this trend showed even more growth. The ratio was 6.85% on average between 2019 and 2023, suggesting generally strong returns on investment for shareholders.



5.11.1 ANOVA Test

- **<u>Hypothesis</u>**

H0: There is no significance difference in Return on net worth of the different selected non-Life insurance companies during the study period

H1: There is significance difference in Return on net worth of the different selected non-Life insurance companies during the study period

Table 5.14: ANOVA Single factor

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	423.7844	4	105.9461	0.362003	0.833931	2.641465
Within Groups	10243.31	35	292.666			
Total	10667.1	39				

- **<u>Interpretation</u>**

The "F" test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.36 and the F calculated Value is 2.64. The p value is 0.83

which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Return on net worth of the serval selected non-Life insurance companies over the study period.

5.12 LIQUID ASSETS TO LIABILITIES RATIO

Both short-term and long-term liabilities must be covered by a company's cash and cash equivalents. This ratio shows how well-positioned the business is to pay down its debt in the near future. The solvency ratio increases with this ratio.

Liquid Assets to liabilities Ratio =

Liquid Assets / Policyholders liabilities * 100

Table 5.15: Liquid Assets to liabilities Ratio (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
BAGICL	**0.14**	**0.27**	**0.25**	**0.37**	**0.14**	**0.234**
Reliance	**0.23**	**0.3**	**0.25**	**0.3**	**0.16**	**0.248**
ICICI Lombard	**10**	**12**	**13**	**17**	**11**	**12.6**
TATA AIG	**0.17**	**0.13**	**0.17**	**0.21**	**0.15**	**0.166**
HDFC EGRO	**0.2**	**0.31**	**0.33**	**0.26**	**0.23**	**0.266**
IFFCO TOKIO	**0.32**	**0.29**	**0.33**	**0.31**	**0.23**	**0.296**
Max Bupa	**0.73**	**0.54**	**0.52**	**0.3**	**0.23**	**0.464**
Kotak Mahindra	**0.24**	**0.11**	**0.17**	**0.09**	**0.13**	**0.148**
Universal Sopo	**0.32**	**0.35**	**0.41**	**0.38**	**0.45**	**0.382**

(Source: Annual Report of Accounts of respective companies from IRDA.)

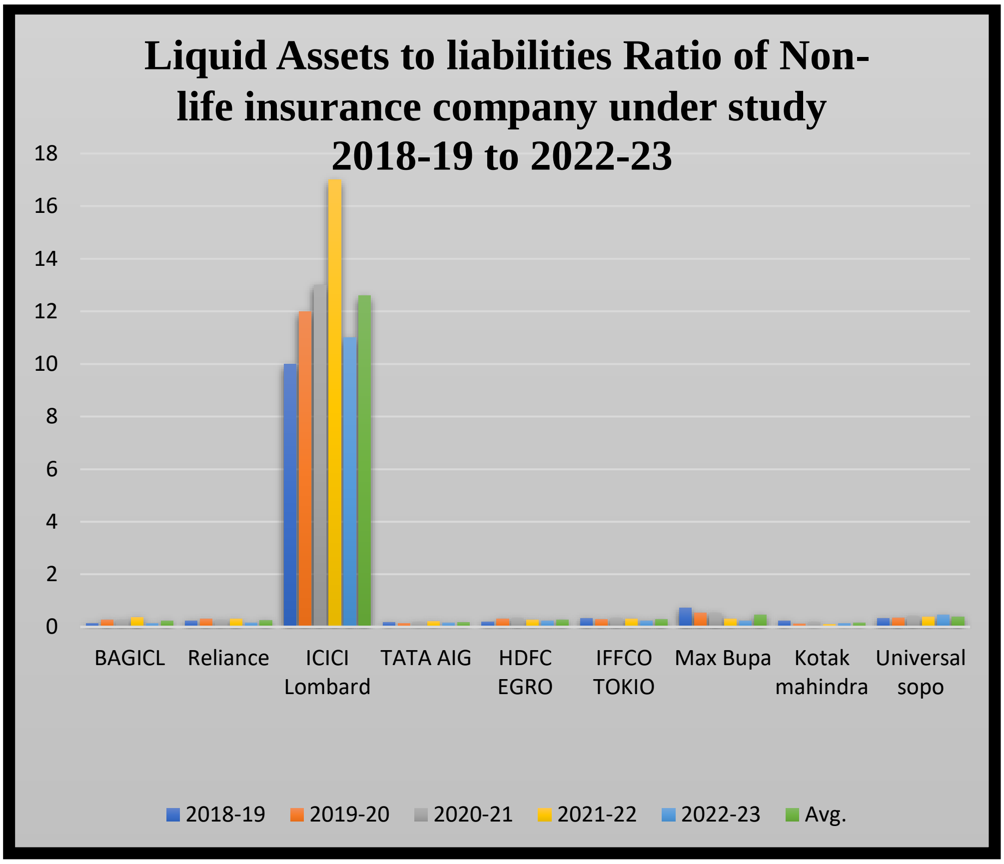
- **Interpretation**

1. The capability of BAGICL to pay short-term obligations is shown by its Liquid Assets to Liabilities Ratio. It was 0.14 in 2019, which suggests less liquidity. 2020 saw a notable boost to 0.27, suggesting better liquidity. It fell slightly to 0.25 in 2021. But in 2022, there was an obvious rise to 0.37, suggesting improved liquidity

management. In 2023, the trend turned around and went back to 0.14. The ratio was 0.23 on average between 2019 and 2023, showing moderate liquidity levels with variations in the company's capacity to pay short-term debts.

2. The capacity to meet short-term obligations with liquid assets is shown by the Liquid Assets to Liabilities Ratio of Reliance. It was 0.23 in 2019, indicating comparatively little liquidity. The 2020 score improved to 0.30, showing a higher capacity to meet current responsibilities. It dropped somewhat to 0.25 in 2021. In 2022, the ratio was constant at 0.30, indicating sustained liquidity. But in 2023, there was a notable drop to 0.16, suggesting a possible liquidity issue. The ratio was 0.24 on average between 2019 and 2023, showing moderate levels of variation in liquidity.
3. ICICI Lombard's Liquid Assets to Liabilities Ratio shows how fully furnished business is to meet short-term obligations. It was 10, indicating enough funding in 2019. 2020 saw a rise to 12, indicating better liquidity. It increased to 13 in 2021, demonstrating a better financial situation. But in 2022, there was a notable rise to 17, indicating strong liquidity. In 2023, the ratio dropped marginally to 11, but it was still well above 11. The ratio was 12.6, on average, between 2019 and 2023, which shows a consistent and powerful ability to meet short-term obligations.
4. TATA AIG's ability to pay short-term obligations is shown by its Liquid Assets to Liabilities Ratio. Its 2019 ratio was 0.17, which means that for every dollar of liabilities, it has 17 cents in liquid assets. In 2020, it dropped to 0.13, but in 2021, it increased to 0.17 again. In 2022, there was a rise to 0.21, indicating enhanced liquidity. But in 2023, it fell to 0.15. The ratio was 0.16 on average between 2019 and 2023, indicating that TATA AIG typically kept sufficient cash on hand to pay its debts.
5. The HDFC EGRO's Liquid Assets to Liabilities Ratio demonstrates the company's capacity to pay down short-term debt with liquid assets. It was 0.20 in 2019, which suggests less liquidity. By 2020, this had increased to 0.31, suggesting greater liquidity control. It grew to 0.33 in 2021, indicating that improvements persisted. But in 2022, there was a minor decline to 0.26, suggesting a decline in liquidity. With a ratio of 0.23 in 2023, this pattern persisted. The ratio was 0.26 on average between 2019 and 2023, expressing comparatively steady liquidity levels throughout time.

6. IFFCO TOKIO's Liquid Assets to Liabilities Ratio shows the company's capacity to pay down short-term debt with liquid assets. It was 0.32 in 2019, which suggests enough liquidity. In 2020, it dropped little to 0.29, which was still respectable. It increased to 0.33 in 2021, indicating better liquidity. In 2022, it decreased to 0.31, though. It fell to 0.23 in 2023, a further indication of declining liquidity. The ratio averaged 0.29 between 2019 and 2023, indicating a rather constant, if fluctuating, ability to satisfy short-term obligations.
7. Maxa Bupa's Liquid Assets to Liabilities Ratio illustrates the company's capacity to meet short-term obligations with liquid resources. It was 0.73 in 2019, demonstrating a good ability to pay liabilities. But in 2020, there was a noticeable drop to 0.54 that indicated a reduction in liquidity. With a ratio of 0.52 in 2021, this pattern continued. It fell further lower to 0.30 in 2022, a sign of declining liquidity. It dropped to 0.23 by 2023, indicating even more liquidity issues. The ratio was 0.46 on average between 2019 and 2023, indicating a general decline in liquidity.
8. Kotak Mahindra's Liquid Assets to Liabilities Ratio shows how well-positioned the company is to pay down short-term debt with liquid assets. It was 0.24 in 2019, indicating a good position. But in 2020, there was a drop to 0.11, indicating less liquidity. In 2021, the ratio marginally improved to 0.17. However, it fell to 0.09 in 2022, showing a diminished capacity to pay obligations. In 2023, there was a minor rebound to 0.13. The ratio was 0.14 on average between 2019 and 2023, indicating generally modest liquidity with some changes over time.
9. Universal Sopo's ability to pay down debt using liquid assets is indicated by its Liquid Assets to Liabilities Ratio. It was 0.32 in 2019, which suggests less liquidity. In 2020, this somewhat improved to 0.35. In 2021, there was a significant rise to 0.41, indicating improved liquidity management. It did, however, decline to 0.38 in 2022. However, it recovered to 0.45 in 2023, suggesting better liquidity. The ratio was 0.38 on average between 2019 and 2023, indicating generally moderate levels of liquidity with changes across the years.



5.12.1 ANOVA Test

- **Hypothesis**

Ho: There is no significance difference in Liquid Assets to liabilities Ratio of the different selected non-Life insurance companies during the study period

H1: There is significance difference in of Liquid Assets to liabilities the different selected non-Life insurance companies during the study period

Table 5.16: ANOVA Single factor

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	3.390236	4	0.847559	0.048326	0.995429	2.605975
Within Groups	701.5401	40	17.5385			
Total	704.9303	44				

- **<u>Interpretation</u>**

The “F” test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.04 and the F calculated Value is 2.60. The p value is 0.99 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Liquid Assets to liabilities Ratio of the serval selected non-Life insurance companies over the study period.

5.13 NET EARNINGS RATIO

The company's net earnings after taxes need to be higher than the premiums collected during that time.

Net earnings Ratio =

Profit after tax / Net Earned Premium * 100

Table 5.17: Net earnings Ratio (In Percentage)

Company	2018-19	2019-20	2020-21	2021-22	2022-23	Avg
BAGICL	10.13	12.46	17.93	17.25	16.22	14.798
Reliance	6	7	5	4	4.3	5.26
ICICI Lombard	13	13	15	10	12	12.6
TATA AIG	4	7	8	6	6	6.2
HDFC EGRO	8.76	6.72	9.1	7.04	7.35	7.794
IFFCO TOKIO	4.27	6.04	4.32	0.99	1.96	3.516
Max Bupa	-7	-6	-4	-9	0	-5.2
Kotak Mahindra	-13	-7	0.34	-14	-15	-9.732
Universal Sopo	7.25	16.12	12.03	7.36	8.22	10.196

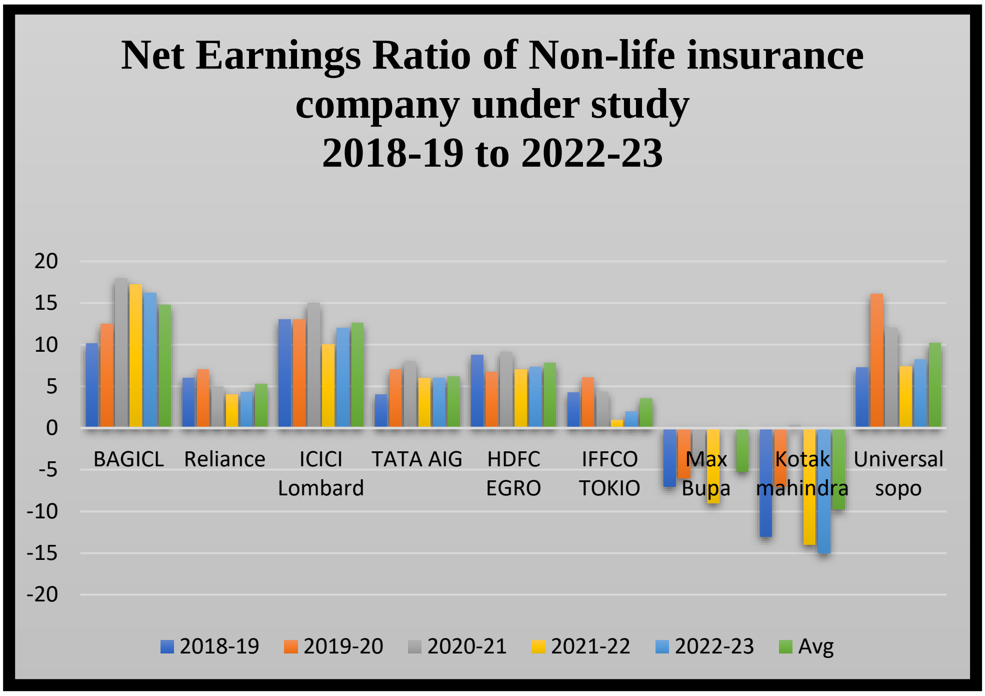
(Source: Annual Report of Accounts of respective companies from IRDA.)

- **Interpretation**

1. After expenses, BAGICL's profitability is displayed by its Net Earnings Ratio. It was 10.13% in 2019, which suggests moderate earnings. 2020 saw an increase to 12.46%, indicating higher profitability. It increased even more to 17.93% in 2021, showing notable growth. In 2022, there was a small decline to 17.25%, nevertheless. It dropped somewhat to 16.22% in 2023. The ratio was 14.79% on average between 2019 and 2023, indicating generally strong profitability with little change in earnings over time.
2. The Reliance Company's Net Earnings Ratio displays its profitability after costs. It was 6% in 2019, which suggests respectable earnings. 2020 saw a rise to 7%, which was indicative of increased profitability. But in 2021, it dropped to 5%, indicating a minor decline. With a ratio of 4% in 2022, this trend persisted and showed further reduction. There was a minor uptick to 4.3% in 2023. The ratio, which showed an overall stable but erratic profitability with a modest declining tendency in recent years, totaled 5.26% from 2019 to 2023.
3. The profitability of ICICI Lombard compared to total earnings is shown by its net earnings ratio. It remained steady at 13% in 2019 and 2020, suggesting continuous profitability. In 2021, there was a minor rise to 15%, indicating increased profitability. But by 2022, it had dropped to 10%, suggesting a minor decline. In 2023, that trend increased little to 12%. The ratio was 12.6% on average between 2019 and 2023, indicating generally constant profitability over annual performance changes.
4. TATA AIG's Net Earnings Ratio shows how profitable it is. It was 4% in 2019, which suggests reduce earnings. 2020 saw a notable rise to 7%, which was suggestive of increased profitability. It increased to 8% in 2021, indicating continuous growth. In 2022, there was a minor decline to 6%, suggesting a stabilizing. In 2023, this trend continues with a 6% ratio. The ratio was 6.2% on average between 2019 and 2023, showing stable earnings performance with just a few changes.
5. The profitability of HDFC EGRO has been shown by its Net Earnings Ratio. It was 8.76% in 2019, which suggests good profits. 2020 saw a decline to 6.72%, indicating a minor decline in profitability. It did, however, rise to 9.10% in 2021, indicating greater performance. It dropped to 7.04% in 2022, suggesting a minor decline. It went up a little to 7.35% in 2023. The ratio was 7.79% on average

between 2019 and 2023, showing continuous profitability with performance changes.

6. The profitability of IFFCO TOKIO can be determined by its Net Earnings Ratio. It was 4.27% in 2019, indicating good earnings. 2020 saw a rise to 6.07%, which suggests a rise in profitability. But in 2021, it decreased to 4.32%, indicating a minor downturn. In 2022, the ratio fell suddenly to 0.99%, showing a major decline in profits. In 2023, there was a slight improvement, reaching 1.96%. The ratio was 3.51% on average between 2019 and 2023, indicating overall profitability with performance variations.
7. The profitability of Maxa Bupa is shown in its net earnings ratio. It was -7 in 2019, meaning there was a loss. With a ratio of -6 in 2020, this remained the case and indicated continuous losses. Though still negative, there was a small improvement in 2021 to -4. It improved to -9 in 2022, indicating higher losses. It did, however, reach zero in 2023, indicating no profit or loss. The ratio was -5.2 on average between 2019 and 2023, suggesting total losses for the business throughout that time.
8. Kotak Mahindra's Net Earnings Ratio indicates the company's profitability after taxes. It showed losses in 2019 and 2020, with negative values of -13% and -7%, respectively. In 2021, there was a noticeable improvement, indicating the generation of profits with a positive ratio of 0.34%. But in 2022 and 2023, it went negative once more, showing losses at -14% and -15%, respectively. The ratio showed general profitability with notable shifts, including periods of loss, from 2019 to 2023, average 10.19%.
9. After taxes, Universal Sopo's profitability is shown by its net earnings ratio. It was 7.25% in 2019, indicating good earnings. 2020 saw a notable increase to 16.12%, which suggests increased profitability. But in 2021, it dropped to 12.03%. It went negative in 2022, with losses of -7.36%. In 2023, there was an improvement to 8.22%, indicating better performance. The ratio was -10.19% on average from 2019 and 2023, showing a generally difficult profitability condition with notable variations, particularly because of the negative value in 2022.



5.13.1 ANOVA Test

- **Hypothesis**

Ho: There is no significance difference in Net Earnings Ratio of the different selected non-Life insurance companies during the study period

Ha: There is significance difference in Net Earnings Ratio of the different selected non-Life insurance companies during the study period.

Table 5.18: ANOVA Single factor

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	117.191	5	23.4382	0.37265	0.864535	2.437693
Within Groups	2641.634	42	62.89605			
Total	2758.825	47				

- **Interpretation**

The “F” test one-way ANOVA researcher identified from the above table, which shows that the F-critical Value is 0.37 and the F calculated Value is 2.43. The p value is 0.86 which is higher than the significance value of 0.05 so researcher has accepted the null hypothesis and concluded that here is Significant Difference in The Net earnings Ratio of the serval selected non-Life insurance companies over the study period.

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Web link

- https://irdai.gov.in/document-detail?documentId=1632108
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Annual reports

- Annual reports of Bajaj Allianz General Insurance Company Limited
- From 2018-19 to 2022-23
- Annual reports Reliance General Insurance Company Limited From 2018-19 to 2022-23
- Annual reports of ICICI Lombard General Insurance Company Limited From 2018-19 to 2022-23
- Annual reports of TATA AIG General Insurance Company Limited From 2018-19 to 2022-23
- Annual reports of HDFC Ergo General Insurance Company Limited From 2018-19 to 2022-23
- Annual reports of IFFCO TOKIO General Insurance Company Limited From 2018-19 to 2022-23
- Annual reports of Maxa Bupa Health Insurance Company Limited From 2018-19 to 2022-23
- Annual reports of Kotak Mahindra General insurance company Ltd. From 2018-19 to 2022-23
- Annual reports of Universal Sopo General Insurance Company Limited From 2018-19 to 2022-23

CHAPTER-6

SUGGESTIONS, FINDINGS AND CONCLUSION

INDEX

6.1 INTRODUCTION

The objectives of the investigation and the methods used for analysis are summarized in this document. It offers a brief overview of the results of the hypothesis testing. The main findings of the study are outlined, along with suggestions for possible future paths. In addition, a summary of the study's ramifications is provided along with recommendations that result in thorough conclusions and ideas for additional research.

6.2 SUMMARY

CHAPTER-1 Introduction

This chapter provides a thorough analysis of the insurance industry. The subject matter begins with an overview of the basic ideas of insurance, including terms like risk insured, insurer, beneficiaries, and control. In addition, the chapter explores the beginnings and development of general insurance throughout history on a worldwide basis. Specific focus is paid to the history of general insurance in the Indian setting, providing background information, defining traits, and regulatory frameworks. The chapter also explains the importance and variety of uses of general insurance, highlighting how it helps to reduce risks and promote financial stability. Additionally, a review of the benefits and drawbacks of insurance mechanisms is given, providing a sophisticated knowledge of its consequences for both Individuals and organizations.

CHAPTER-2 Conceptual framework of financial performance

An overview of the operations and financial results of a number of well-known non-life insurance companies in India are given in this chapter. IFFCO TOKIO General Insurance Company Limited, Universal Sopo General Insurance Company Limited, Bajaj Allianz General Insurance Company Limited, Reliance General Insurance Company Limited, ICICI Lombard General Insurance Company Limited, Maxa Bupa Health Insurance Company Limited, HDFC Ergo General Insurance Company Limited, TATA AIG General Insurance Company Limited, Future Generali India Insurance Company Limited, and Kotak Mahindra General Insurance Company Limited are among the companies that are being examined. In order to give readers a thorough grasp of their business environment in the Indian non-life insurance sector, this chapter will analyses their operations, financial metrics, market positioning, and strategic objectives.

CHAPTER-3 Review of Related Literature:

The objective in this chapter is to perform a comprehensive study of studies devoted to investigating various facets of the non-life insurance sector. Reviewing research conducted on several aspects, such as productivity, profitability, efficiency, quality of service, and interconnected domains, is our aim. Our goal is to offer a thorough grasp of the present state of knowledge by compiling the body of existing literature, while also bringing attention to the intricate dynamics and difficulties that the non-life insurance industry faces.

CHAPTER-4 Research Methodology

The introduction, the issue in question statement, the importance of the study, the objectives of the study, the research process and the nature of the study, the limitations, and the study layout, as well as the entire chapter.

CHAPTER-5 Data Analysis

The financial performance of several non-life insurance companies doing business in India is compared in this section. The Gross Premium Growth Rate (GPGR), Net Retention Ratio (NRR), Net Commission Ratio (NCR), Expense of Management to Gross Premium Ratio (EMGDPR), Combined Ratio (CR), Operating Profit Ratio (OPR), Liquid Assets to Liabilities Ratio (LALR), Net Earnings Ratio (NER), and Return on Net Worth Ratio (RONW) are some of the important financial ratios that are used to conduct the evaluation. These ratios provide valuable information on the operational effectiveness and financial stability of the chosen insurance businesses, as well as their competitiveness and performance in the market. By means of an exhaustive analysis of various metrics, this research endeavors to provide significant insights into the financial terrain of the non-life insurance market in India, giving players the information they need to plan strategically and make decisions that will lead to long-term, profitable growth.

CHAPTER-6 Suggestions, Findings and Conclusion of the Study

This final chapter provides a brief overview of the goals that were pursued and the analytical techniques that were used. The chapter also provides a brief summary of the results achieved by summarizing the outcomes of hypothesis testing. The study's main conclusions are also provided, providing light on important discoveries and patterns that the investigation process uncovered. In addition, practical recommendations that aim to enlighten decision-making processes and facilitate improvements within the relevant domain are provided based on the study's findings. The chapter closes with a thorough conclusion that pulls all of the study's components together and offers thoughts on its relevance, effects, and possible areas for further research.

6.3 MAJOR FINDINGS OF THE STUDY ARE AS FOLLOWS

1. **Gross Direct Premium Growth rate**

   During the study period, the average Gross Direct Premium Growth rate Ratio for the selected non-life insurance companies was in BAGICL displays an average of 10.55 throughout the study period, Reliance Limited displays an average of 4.012, ICICI Lombard displays an average of 11.8, TATA AIG displays an average of 14.4, HDFC Ergo displays an average of 18.13, IFFCO TOKIO displays an average of 12.19, Maxa Bupa displays an average of 40.6, Kotak Mahindra displays an average of 18.06, Universal Sopo displays an average of 15.98. Overall average Gross Direct Premium growth rate of Maxa Bupa displays an average of 40.6 is higher while that Reliance Limited displays an average of 4.012 is lowest compared to other companies throughout the study period.

2. **Net Retention Ratio**

   During the study period, the average Net Retention Ratio for the selected non-life insurance companies was in BAGICL displays an average of 60.24 throughout the study period, Reliance Limited displays an average of 12.8, ICICI Lombard displays an average of 70.8, TATA AIG displays an average of 67.4, HDFC Ergo displays an average of 51.35, IFFCO TOKIO displays an average of 63.44, Maxa Bupa displays an average of 77.2, Kotak Mahindra displays an average of 81.6, Universal Sopo displays an average of 58.79. Overall average Net Retention Ratio of Kotak Mahindra displays an average of 81.6 is higher while that Reliance Limited displays an average of 12.8 is lowest compared to other companies throughout the study period.

3. **Net Commission Ratio**

   During the study period, the average Net Commission Ratio for the selected non-life insurance companies was in BAGICL displays an average of 0.20 throughout the study period, Reliance Limited displays an average of -1.8, ICICI Lombard displays an average of 4, TATA AIG displays an average of 3.2, HDFC Ergo displays an average of -3.49, IFFCO TOKIO displays an average of 5.10, Maxa Bupa displays an average of 5, Kotak Mahindra displays an average of 5.2, Universal Sopo displays an average of 4.94. Overall average Net Commission Ratio rate of IFFCO TOKIO displays an average of 5.10 is higher while that HDFC Ergo displays an average of -3.49 is lowest compared to other companies throughout the study period.

4. **Expense of Management to Gross Premium ratio**

   During the study period, the average Expense of Management to Gross Premium ratio for the selected non-life insurance companies was in BAGICL displays an average of 23.47 throughout the study period, Reliance Limited displays an average of 24, ICICI Lombard displays an average of 27.4, TATA AIG displays an average of 30.4, HDFC Ergo displays an average of 22.84, IFFCO TOKIO displays an average of 17.35, Maxa Bupa displays an average of 44.6, Kotak Mahindra displays an average of 41.4, Universal Sopo displays an average of 20.07. Overall average Expense of Management to Gross Premium ratio of Maxa Bupa displays an average of 44.6 is higher while that IFFCO TOKIO displays an average of 17.35 is lowest compared to other companies throughout the study period.

5. **Combined Ratio**

   During the study period, the average Combined Ratio for the selected non-life insurance companies was in BAGICL displays an average of 98.91 throughout the study period, Reliance Limited displays an average of 110.6, ICICI Lombard displays an average of 102.4, TATA AIG displays an average of 106.8, HDFC Ergo displays an average of 100.80, IFFCO TOKIO displays an average of 109.23, Maxa Bupa displays an average of 103, Kotak Mahindra displays an average of 115.4, Universal Sopo displays an average of 102.60. Overall average Gross Direct Premium growth rate of IFFCO TOKIO displays an average of 109.23 is higher while that BAGICL displays an average of 98.91 is lowest compared to other companies throughout the study period.

6. **Operating Profit Ratio**

   During the study period, the average Operating Profit Ratio for the selected non-life insurance companies was in BAGICL displays an average of 16.32 throughout the study period, Reliance Limited displays an average of 11, ICICI Lombard displays an average of 16, TATA AIG displays an average of 7.2, HDFC Ergo displays an average of 14.17, IFFCO TOKIO displays an average of 1.75, Maxa Bupa displays an average of 10.8, Kotak Mahindra displays an average of -10.8, Universal Sopo displays an average of 10.93. Overall average Operating Profit Ratio of BAGICL displays an average of 16.32 is higher while that Kotak Mahindra

Limited displays an average of -10.8 is lowest compared to other companies throughout the study period.

7. **Return on Net Worth Ratio**

   During the study period, the average Return on Net Worth Ratio for the selected non-life insurance companies was in BAGICL displays an average of 16.17 throughout the study period, Reliance Limited displays an average of 11.8, ICICI Lombard displays an average of 18, TATA AIG displays an average of 13, HDFC Ergo displays an average of 17.20, IFFCO TOKIO displays an average of 6.61, Maxa Bupa displays an average of -16.4, Kotak Mahindra displays an average of -23.6, Universal Sopo displays an average of 6.85. Overall average Net Worth Ratio rate of HDFC Ergo displays an average of 17.20 is higher while that Kotak Mahindra Limited displays an average of -23.6 is lowest compared to other companies throughout the study period.

8. **Liquid Assets to liabilities Ratio**

   During the study period, the average Liquid Assets to liabilities Ratio for the selected non-life insurance companies was in BAGICL displays an average of 0.23 throughout the study period, Reliance Limited displays an average of 0.24, ICICI Lombard displays an average of 12.6, TATA AIG displays an average of 0.16, HDFC Ergo displays an average of 0.26, IFFCO TOKIO displays an average of 0.29, Maxa Bupa displays an average of 0.46, Kotak Mahindra displays an average of 0.14, Universal Sopo displays an average of 0.38. Overall average Liquid Assets to liabilities Ratio of ICICI Lombard displays an average of 12.6 is higher while that Kotak Mahindra Limited displays an average of 0.14 is lowest compared to other companies throughout the study period.

9. **Net earnings Ratio**

   During the study period, the average Net earnings Ratio for the selected non-life insurance companies was in BAGICL displays an average of 14.79 throughout the study period, Reliance Limited displays an average of 5.26, ICICI Lombard displays an average of 12.6, TATA AIG displays an average of 6.2, HDFC Ergo displays an average of 7.79, IFFCO TOKIO displays an average of 3.51, Maxa Bupa displays an average of -5.2, Kotak Mahindra displays an average of -9.73, Universal Sopo displays an average of 10.19. Overall average Net earnings Ratio of BAGICL displays an average of 14.79is higher while that Kotak Mahindra Limited displays an average of -9.73 is lowest compared to other companies throughout the study period.

6.4 SUMMARY OF HYPOTHESIS

1. The "F" test one way ANOVA may be identified from the above table, which shows that the F-critical value is 1.81 and the F-calculated value is 2.64. Since there is no discernible variation in the Gross Direct Premium Growth rate of the several chosen non-Life insurance companies across the study period, the Null Hypothesis will be accepted.
2. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.031 and the F-calculated value is 2.64. There is no significant difference in the Net Retention Ratio of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.
3. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.19 and the F-calculated value is 2.64. There is no significant difference in the Net commission Ratio of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.
4. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.03 and the F-calculated value is 2.64. There is no significant difference in the Expense of Management to Gross Premium ratio of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.
5. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.87 and the F-calculated value is 2.64. There is no significant difference in the Combined Ratio of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.
6. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.70 and the F-calculated value is 2.64. There is no significant difference in the Operating Profit Ratio of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.

7. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.36 and the F-calculated value is 2.64. There is no significant difference in the Return on net worth of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.
8. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.04 and the F-calculated value is 2.60. There is no significant difference in the Liquid Assets to liabilities Ratio of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.
9. The "F" test one-way ANOVA may be identified from the above table, which shows that the F-critical value is 0.37 and the F-calculated value is 2.43. There is no significant difference in the Net earnings Ratio of the several selected non-life insurance companies over the study period, hence the null hypothesis will be accepted.

6.5 CONCLUSION

The goal of this study is to analyses the financial standing of Indian insurance providers, with particular focus on a few chosen property and liability insurers. The main goal is to evaluate these insurers' operational efficiency and financial standing during a ten-year period, from 2018–19 to 2022–23. This study seeks to identify trends, identify high performers, and provide insights into the workings of the Indian non-life insurance market by a thorough examination of financial indicators and performance metrics. This research looks at important financial indicators like growth rates, profitability, and solvency in an effort to give stakeholders useful information for understanding the industry.

6.6 SUGGESTIONS FOR FURTHER RESEARCH

- It is possible to conduct a thorough investigation in order to assess the performance of non-life insurance companies in India.
- It is possible for someone to do a research study on Indian health insurance companies.
- Analysis of the business and financial performance of India's remaining private non-life insurance companies can be done through research.

- To calculate the Market Value Added (MVA) and Economic Value Added (EVA) of Non-Life Insurance Companies in India, a research study may be conducted.

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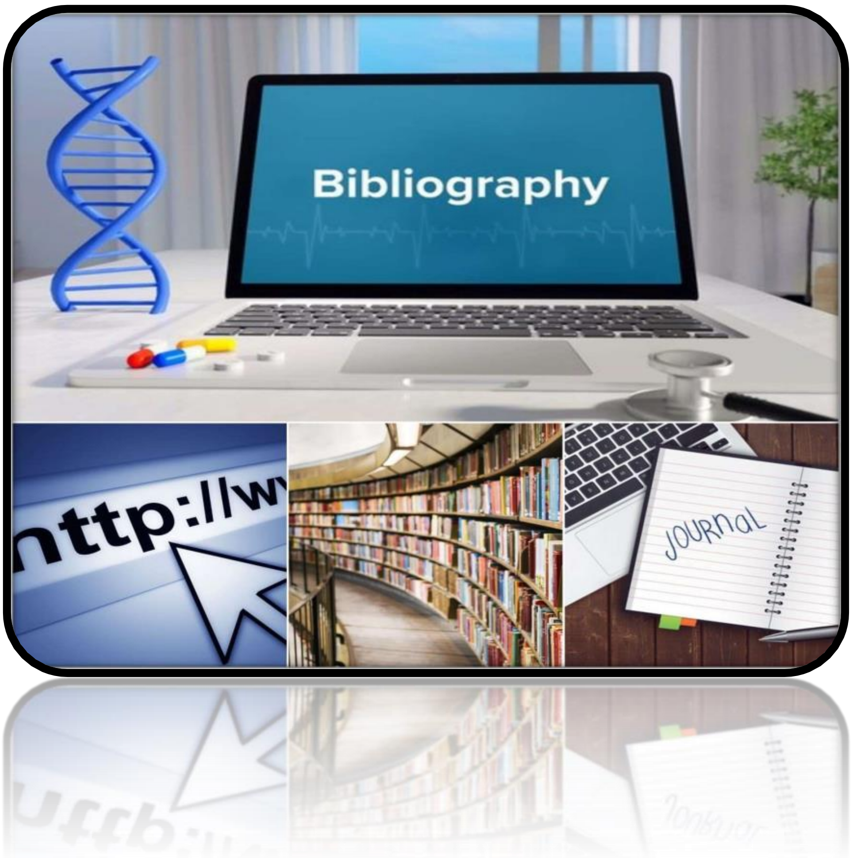

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