

A Study On Performance Evaluation Of Public Non-Life Insurance Companies In India

Dr. T. THIRUPATHI¹, C.BALAMURUGAN²

¹Head and Assistant Professor Department of Commerce Government Arts College Autonomous, Salem-7

²Research Scholar Department of Commerce, Government Arts College Autonomous, Salem-7

Abstract

The insurance sector is one the intensifying areas in India. The idea of the insurance business is insecure and there is incredulity in regards to working with insurance organizations in India, henceforth, it ends up basic to evaluate the execution of insurance organizations especially those from general insurance section. The study aims to identify the performance evaluation of public non-life insurance companies. The study was done based on six parameters (CAMEL Model).

Key Words: Performance Evaluation, Public Non-Life Insurance.

1. Introduction

Insurance is a hazard exchange type of hazard the board which allows the safeguarded to exchange the expense of his potential hazard to another in return for pay which is known as premium. At the end of the day, it is a technique whereby the safety net provider consents to repay the misfortunes of the protected from determined shortfall causing occasions. Insurance fills in as a hazard the board and riches safeguarding instrument. Insurance offers security to people, organizations and different substances against noteworthy misfortunes which may emerge because of unexpected occasions. Any individual who needs to secure themselves against budgetary hardships will take insurance. An individual or a business substance should seriously think about insurance to shield one's family after ones' demise from loss of salary, to guarantee reimbursement of obligation, to cover unforeseen liabilities, to secure the business against business intrusion and misfortune thereof,

assurance against claims, and so forth. Insurance may cover misfortunes emerging from flame, marine, vehicle hazard, and so forth. Most people possess insurance in some structure or another whether it's auto, medicinal, obligation, incapacity or life coverage. The insurance segment is one the rising areas in India. The idea of the insurance business is unsafe and there is incredulity in regards to working with insurance organizations in India, henceforth, it ends up basic to evaluate the execution of insurance organizations especially those from general insurance section. Along these lines, this investigation will be embraced to assess the near money related execution of the open segment non-life guarantors to decide their monetary remaining from 2006-07 to 2020-2021 periods.

2. Review of Literature

Showket Ahmad Dar et.al., (2015)¹ this study on "A Comparative analysis of

Financial Performance of Public and Private Non-life Insurers in India”, this study analysis that overall underwriting performance reveals that every rupee of earned premium is being drained away in the form of claims and costs more specifically by private insurers which speaks of their improper risk selection and mismanaged expenditure policy.

Nikita Kumari (2015)² this study entitle on “Determinants of Insurance Investment: A Case Study of Life Insurance Corporation of India”, this study found that on general premise, a relatively high proportion of the variation of the dependent variable investment is accounted for by the independent variables (premium and claim). The result of first hypotheses uncovered that there exists a statistically significant impact of premium on investment of Life Insurance Corporation of India. The result of second hypotheses stated that there exists a statistically significant impact of claim on investment of Life Insurance Corporation of India.

Jenita Monteiro et.al., (2017)³ this journal entitles on “A Study on the Financial Performance of General Insurance Companies in India”, this study found that public general insurance companies have been performing better post liberalization period as compared to private sector in terms of their profitability and management soundness. Though several private players have entered the market, it is important that they are able to perform their services with due care and diligence, at the same time they should provide products and services by considering the needs of the consumers.

Jansirani.P et.al. (2019)⁴ this article study area on “Caramel Analysis of Financial Efficiency of Public Sector Non-Life Insurance Companies in India”, this study considered four parameters for the calculation of financial soundness and liquidity analysis. As discussed earlier,

there are numerous indicators for financial soundness but of which most reliable and most technically tools with reference to the insurance industry is considered for this study. But insurance is a special kind of business, especially non-life insurance sector, hence special care is taken in choosing such kind of financial soundness indicators.

3. Objective of the Study

- ❖ To study the performance evaluation of public non-life insurance companies in India.

4. Research Gap

Various lecturers on the financial performance of the non-life insurance sectors were identify that size of company, gross premium, net claim, etc., were considered as a major factor affecting their performance. Limited lecturers have taken the parameters such as ratio analysis. This can be engaged as a research gap and this study tries to analyse how these the performance evaluation of public non-life insurance companies in India.

5. Research Methodology

This study is solely based on secondary data have been collected from the annual report (IRDA) of Non-Life Insurance for the purpose of the study. The study period of 15 years that is 2006-07 to 2020-21. The sample public non-life insurance companies selected on the basis of convenient sampling method. The sample of National Insurance Company, New India Assurance Company, Oriental Insurance Company and United India Insurance Company. The present study covers a period for fifteen years, taking from 2006-07 to 2020-21. Ratios were calculated CAMEL Model were used for analysing these factors. Following were the formulas used for calculating ratios.

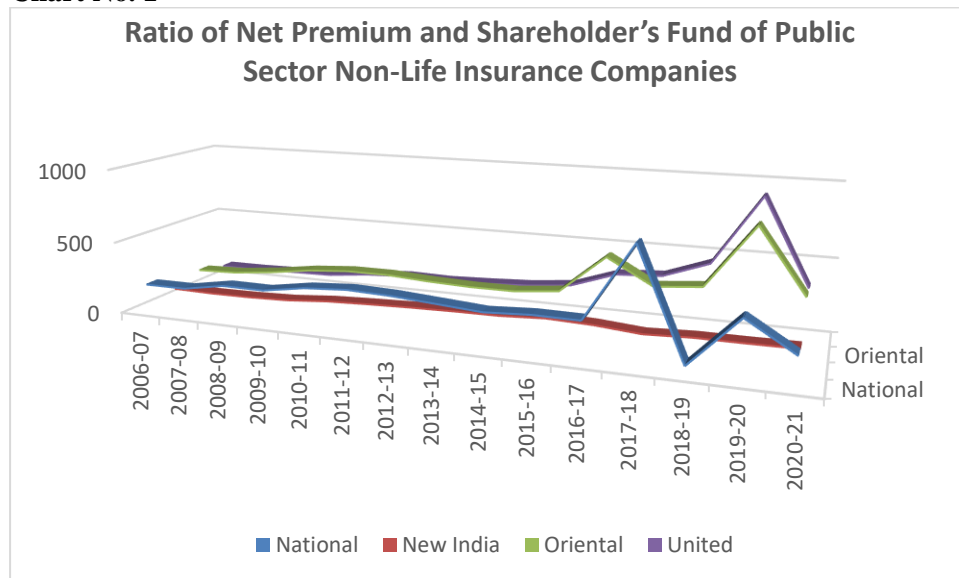
Table No. 5.1 CAMEL Model Ratios

Sl. No	Ratios	Formulas
1.	Capital Adequacy	Net Premium / Shareholder's fund
2.	Asset Quality	Shareholders fund/Total Assets
3.	Reinsurance & Actuarial Issues (Risk Retention Ratio)	Equity Share Capital/Total Assets
4.	Management Soundness	Net premium/Gross premium
5.	Earning & Profitability Analysis	Operating Expenses/Gross Premium Net Claim/Net Premium Net Commission/Net Premium Net Income from Investment/Net Premium Profit after Tax/Equity Share Capital
6.	Financial Soundness	Profit after Tax/Net Worth { Net Worth=Share Capital +Reserve Surplus-Fictitious Assets} Total Assets/Total Liabilities Current Assets/Current Liabilities

6. Results and Discussion

6.1 Capital Adequacy

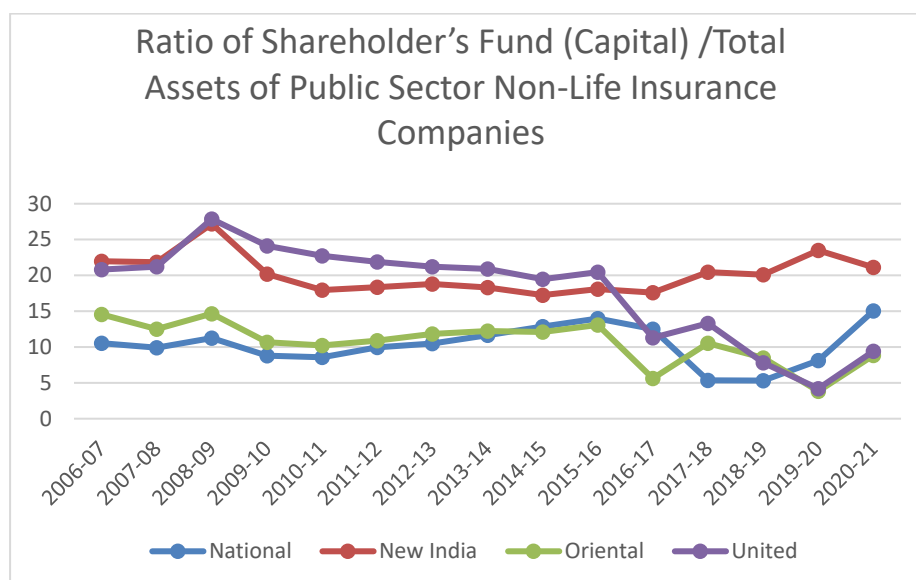
a) Net Premium to Shareholders Found

Chart No. 1

The above chart shows the mean value is very high in case of United India Insurance (909.93) when compared to other public companies and is very low in National Insurance (60.24).

(b) Shareholder's Fund (Capital) /Total Assets

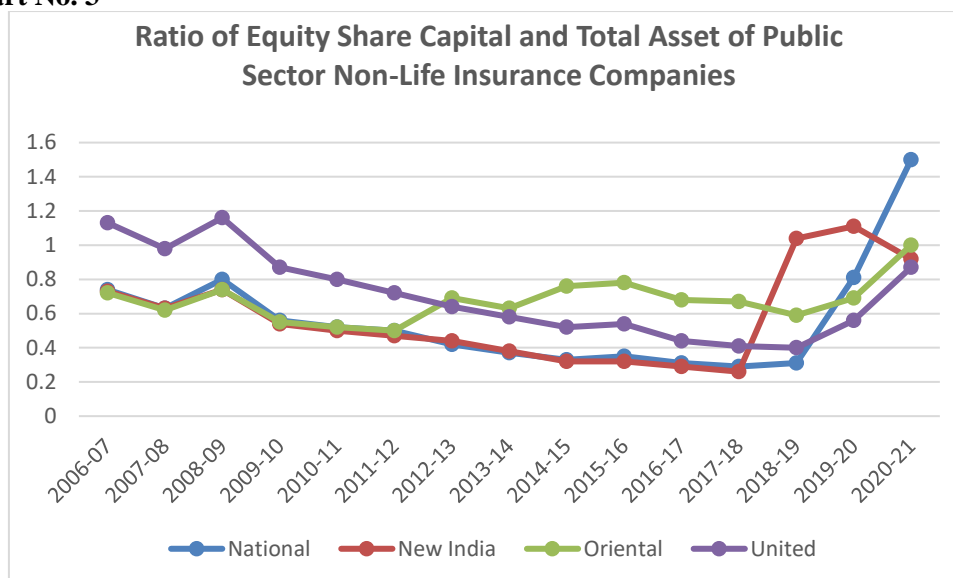
Chart No. 2



The above chart shows the mean value is very high in case of United India Insurance (27.86) similarly New India Assurance (27.19), when compared to other public companies and is very low in Oriental Insurance Company (3.84).

6.2 Asset Quality Analysis

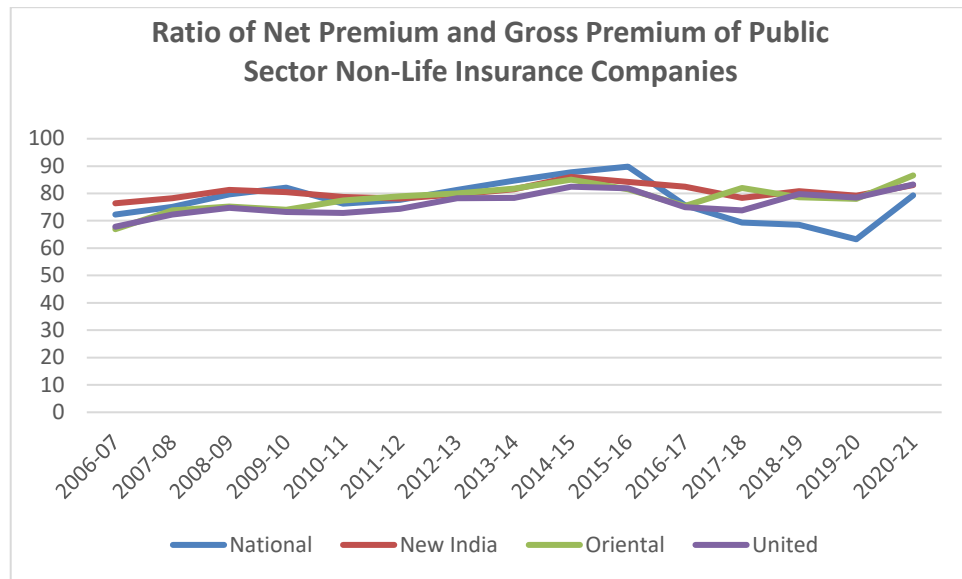
Chart No. 3



The above chart show that all Public Sector Non-Life insurer is having lower Asset Quality norms which shows that all these companies are more trust on an asset base in comparison to equity capital base.

6.3 Reinsurance & Actuarial Issues (Risk Retention Ratio)

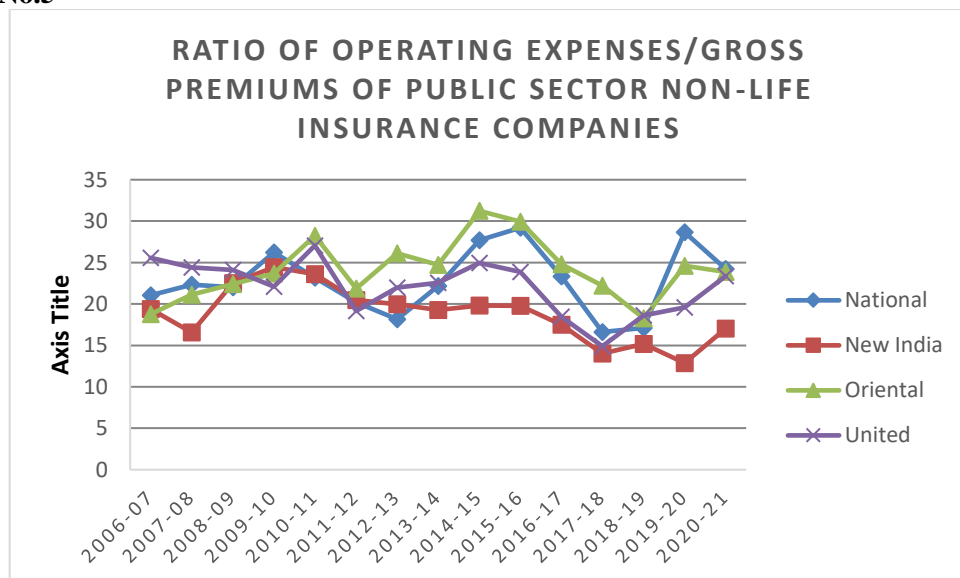
Chart No.4



The above chart shows that the National insurance variation up to 2015-16 (89.79) and thereafter major reduction for the last five years. New India showing variation up to 2014-15 (86.01) and thereafter major reduction for the last four years. Oriental Insurance showing variation range between 2020-21 (86.58) for the period. United showing variation range between 2020-21 (83.26) for the period.

6.4 Management Soundness

Chart No.5



The above chart shows that National insurance variation 21.05 to 24.21 percentage. It shows incremental variation during 2012-13, 2017-18 and 2018-19 of the period positive management of the company. New India also showing variation between 17.03 to 19.41

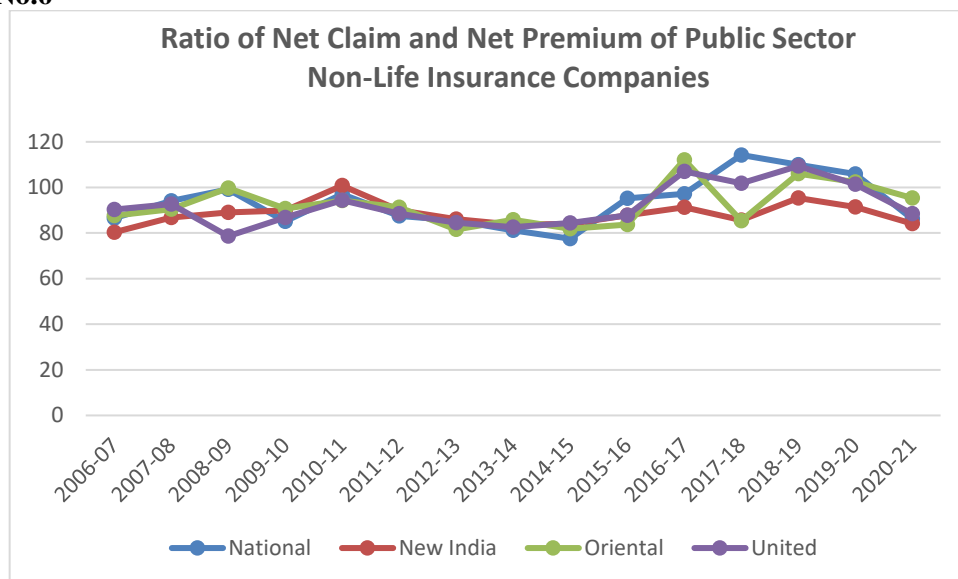
percentage. Hence actually costiveness of management of the company. Oriental also showing variation between 18.76 to 24.60 percentage. It shows incremental variation during 2018-19 of the period positive management of the company. United also showing variation between 23.38 to 25.56

percentage. Hence actually costiveness of management of the company.

6.5 Earning & Profitability Analysis

(a) Claim Analysis (segment wise) = Net Claim/Net Premium

Table No.6

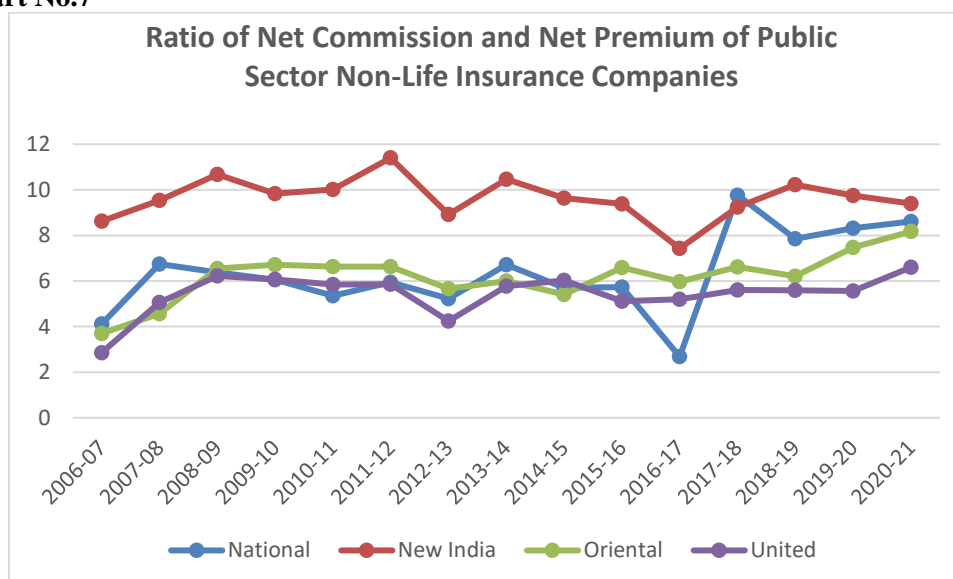


The above chart show that National insurance maintains below 100 percentages during 2006-07 to 2020-21, excepting the 2017-18, 2018-19 and 2019-20 periods maintains above 100 percentages. New India Insurance maintains below 100 percentages during 2006-07 to 2020-21, excepting the 2010-11. Oriental insurance maintains below 100 percentages, excepting 2016-17, 2018-19 and 2019-20 this period maintains above 100

percentages. United insurance maintains below 100 percentages during 2006-07 to 2020-21 periods, excepting the 2016-17 to 2019-20 periods maintains above 100 percentages.

(b) Commission Expenses/Income Analysis (segment wise) = Net Commission/Net Premium

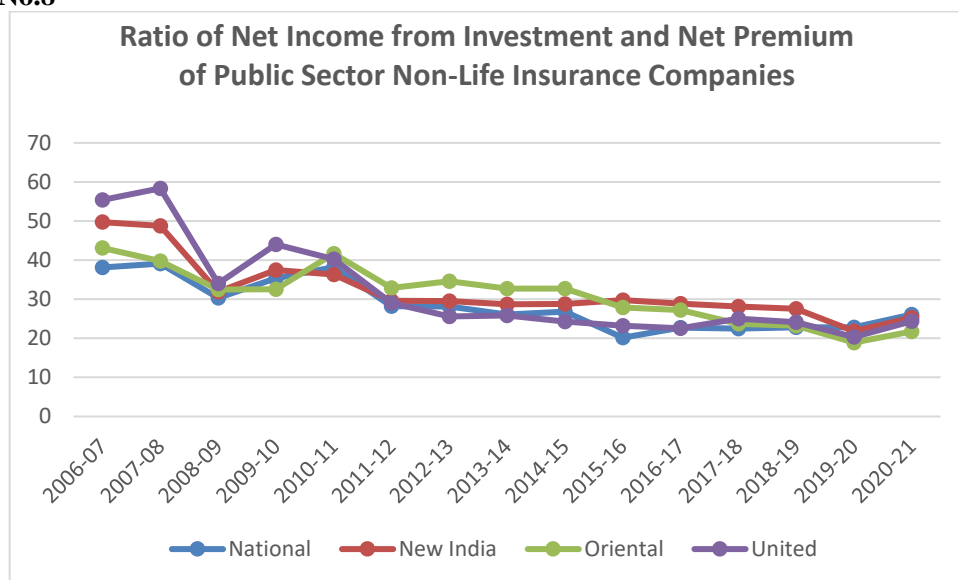
Chart No.7



The above chart shows that all the public non-life insurer from public sectors showing positive ratios in combination of all business which is actually good signs for non-life insurance companies.

(c) Investment Income Analysis = Net Income from Investment/Net Premium

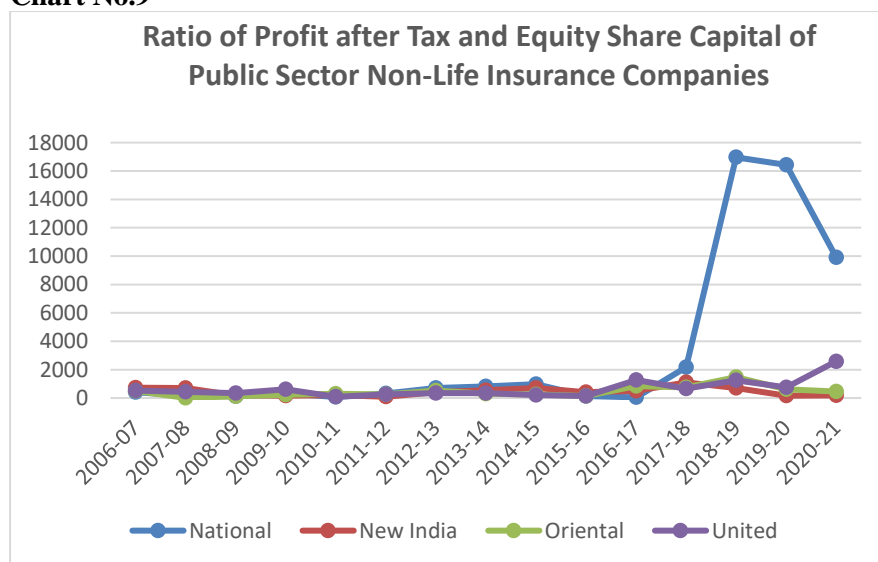
Chart No.8



The above chart shows that all the non-life insurers from public sectors showing lower ratio during the 2006-07 to 2020-21.

(d) Return on Equity Analysis [ROE] = Profit after Tax / Equity Share Capital

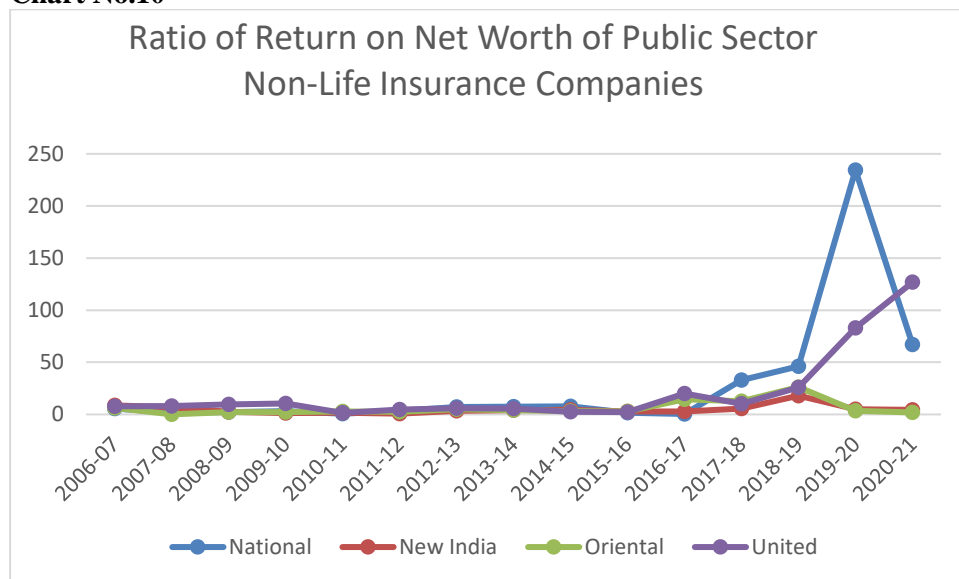
Chart No.9



The above chart shows that all the public non-life insurance companies not stable growth during the periods as a range of ratio is very high and too fluctuating the return on equity share capital ratio.

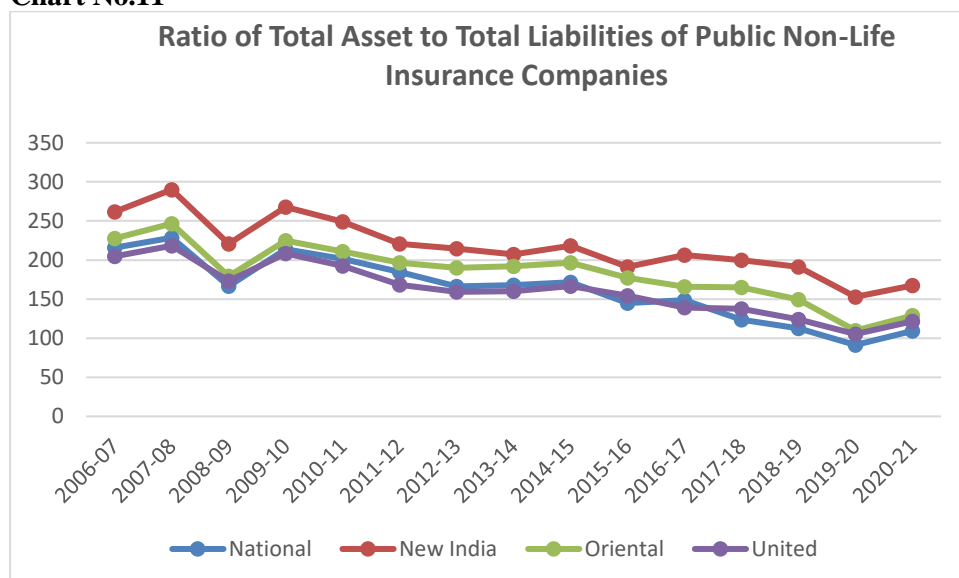
6.6 Financial Soundness & Liquidity Analysis

(a) Return on Net Worth* = Profit after Tax [PAT] / Net Worth * 100

Chart No.10

The above table shows the Oriental non-life insurance company is showing positive ratio and other non-life insurance companies not stable for return of net worth ratio.

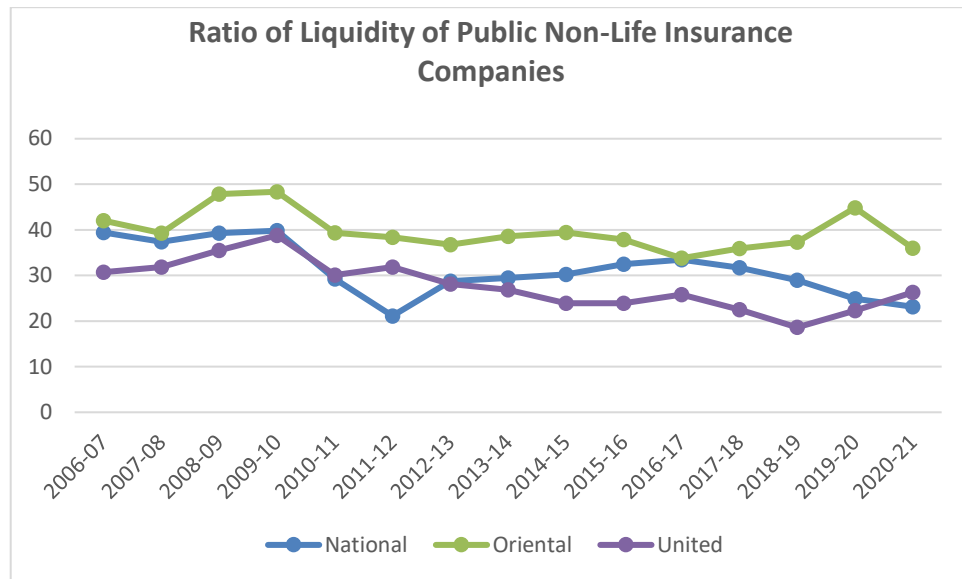
(b) Ratio of Total Asset to Total Liabilities = Total Assets/ Total Liabilities

Chart No.11

The above chart shows that average ratios of asset utilization ranging nearer 200 percentages for the all public non-life insurance sectors. For the all public non-life insurer better asset utilization for the periods.

(c) Liquidity Analysis = Current Assets/Current Liabilities

Chart No.12



The current ratio of any industry for liquidity analysis is 2:1. The above chart shows that the average current ratios of all the public non-life insurance companies' shows below 100%. All the public non-life insurer, it has not proper liquidity management.

7. Implications & Conclusion

The study deals with Performance Evaluation of selected four public sector, non-life insurance company during fifteen years from 2006-07 to 2020-21 to evaluate the financial efficiency of each company numbers of ratios have been observed by applying CAMEL model for this study. The first ratio is considered to be minimal for the positive financial performance of United Insurance Company, other non-life insurance companies to develop the financial level. The second and third ratios Asset Quality Analysis under which two ratios i.e., Share Capital to Total Asset and Risk Retention Ratio have been interpreted all the public non-life insurance sectors asset quality values is improve the Asset values and RRR values. The fourth Management Soundness ratio statistically analyzed which are always preferred all the non-life public insurer positive management of the companies. The fifth Earning and Profitability ratios analyzed which preferred to higher side normally above 100 percent. The sixth and last indicator is Liquidity under which Ratio of

Return on Net worth and Ratio of Total Asset to Total liability and Ratio of Current Asset to Current liability have been analyzed which asset utilization nearer 200 percent for the all public insurance companies' better asset utilization for the period. Liquidity ratio analyzed that all the public non-life insurance to improve the liquidity management. This study concludes that the topmost leader of non-life insurance companies, Oriental performs better than other public non-life insurance companies which depicts that financial performance is entirely based on the policyholder's assurance and trust in the company which is well by oriental Insurance Companies.

8. Reference

1. Showket Ahmad Dar et.al., (2015) "A Comparative analysis of Financial Performance of Public and Private Non-life Insurers in India", International Journal of Management, ISSN 0976-6502, Vol 6, Issue 1; pp.507-526.
2. Nikita Kumari (2015) "Determinants of Insurance Investment: A Case Study of Life Insurance Corporation of India", Elk Asia Pacific Journal of Finance and Risk Management, ISSN 0976-7185 (Print) ISSN 2349-2325 (Online); DOI:

- 10.16962/EAPJFRM/issn.2349-2325/2014 Volume 6 Issue 1 (2015)
3. Jenita Monteiro et.al., (2017) “A Study on the Financial Performance of General Insurance Companies in India”, International Journal of Advanced Research and Development ISSN:2455-4030, Vol.3, Issue 1; pp 898-904
 4. Jansirani.P et.al. (2019) “Caramel Analysis of Financial Efficiency of Public Sector Non-Life”, ZENITH International Journal of Business Economics & Management Research ISSN 2249- 8826 ZIJBEMR, Vol.9 (6), June (2019), pp. 16-34 Online available at zenithresearch.org.in
 5. P. Jansi Rani & Muthusamy A., “Impact of Demonetization on Private Life Insurance Companies in India”, International Journal of Scientific Research and Reviews, IJSRR 2018, 7(3), 2178-2186 IJSRR, 7(3) July – Sep., 2018 Page 2178.
 6. Dr.A.Muthusamy & Jansi Rani.P, “A study on Financial Performance of Private Sector General Insurance Companies in India”, RESEARCH REVIEW International Journal of Multidisciplinary, SEP- 2018, ICIMP-2018 ISSN: 2455-3085 (Online).
 7. Dr.A.Muthusamy & Jansi Rani.P, “A Study on Performance of Micro - Insurance in India”, International Journal of Scientific Research in Computer Science Applications and Management Studies IJSRCSAMS, ISSN 2319 – 1953 Volume 7, Issue 4 (July 2018).
 8. Mr. Sumit Bodla & Dr. Deepak Tandon, “Profitability Performance of Life Insurance Companies – A Study in Indian Context”, International Journal of Computing and Business Research (IJCBR) Volume 7 Issue 3 September - October 2017.
 9. www.irdai.gov.in
 10. IRDA Handbook 2006-07 to IRDA Handbook 2020-21.

Table No. 1

Year	National	New India	Oriental	United
2006-07	193.07	79.92	141.98	97.84
2007-08	193.66	75.28	151.35	98.72
2008-09	242.81	77.99	181.94	106.22
2009-10	241.06	87.12	223.64	111.93
2010-11	287.37	110.73	246.62	143.30
2011-12	306.28	122.24	247.28	159.45
2012-13	296.60	131.38	230.08	153.52
2013-14	275.78	137.36	219.91	164.47
2014-15	254.37	140.47	220.75	179.33
2015-16	270.68	156.63	251.15	209.94
2016-17	267.93	146.38	509.06	315.24
2017-18	764.80	121.83	342.24	333.26
2018-19	60.24	134.76	370.29	445.11
2019-20	385.05	134.79	786.54	909.93
2020-21	197.54	137.95	363.84	336.75

Table No. 2

Year	National	New India	Oriental	United
2006-07	10.54	21.97	14.55	20.80
2007-08	9.90	21.83	12.49	21.21
2008-09	11.24	27.19	14.66	27.86
2009-10	8.79	20.17	10.66	24.13

2010-11	8.55	17.95	10.23	22.74
2011-12	9.96	18.34	10.91	21.89
2012-13	10.49	18.78	11.83	21.23
2013-14	11.64	18.29	12.22	20.88
2014-15	12.84	17.25	12.11	19.46
2015-16	13.97	18.09	13.07	20.46
2016-17	12.50	17.59	5.61	11.29
2017-18	5.35	20.47	10.53	13.32
2018-19	5.32	20.11	8.47	7.81
2019-20	8.14	23.47	3.84	4.20
2020-21	15.04	21.14	8.86	9.42

Table No. 3

Year	National	New India	Oriental	United
2006-07	0.74	0.73	0.72	1.13
2007-08	0.63	0.63	0.62	0.98
2008-09	0.80	0.74	0.74	1.16
2009-10	0.56	0.54	0.55	0.87
2010-11	0.52	0.50	0.52	0.80
2011-12	0.50	0.47	0.50	0.72
2012-13	0.42	0.44	0.69	0.64
2013-14	0.37	0.38	0.63	0.58
2014-15	0.33	0.32	0.76	0.52
2015-16	0.35	0.32	0.78	0.54
2016-17	0.31	0.29	0.68	0.44
2017-18	0.29	0.26	0.67	0.41
2018-19	0.31	1.04	0.59	0.40
2019-20	0.81	1.11	0.69	0.56
2020-21	1.50	0.92	1.00	0.87

Table No.4

Year	National	New India	Oriental	United
2006-07	72.31	76.39	66.92	67.83
2007-08	75.05	78.21	73.75	72.26
2008-09	79.67	81.31	75.21	74.78
2009-10	82.13	80.44	73.97	73.26
2010-11	76.28	78.70	77.47	72.89
2011-12	77.71	78.17	78.99	74.42
2012-13	81.23	79.59	79.96	78.25
2013-14	84.62	81.56	81.76	78.31
2014-15	87.73	86.01	84.97	82.46
2015-16	89.79	84.22	81.56	81.82
2016-17	75.64	82.48	75.41	74.91

2017-18	69.36	78.40	82.03	73.79
2018-19	68.51	80.76	78.62	79.81
2019-20	63.23	79.18	78.05	78.47
2020-21	79.24	83.09	86.58	83.26

Table No.5

Year	National	New India	Oriental	United
2006-07	21.05	19.41	18.76	25.56
2007-08	22.32	16.57	21.12	24.40
2008-09	22.03	22.54	22.42	24.11
2009-10	26.23	24.45	23.70	22.08
2010-11	23.18	23.62	28.23	27.06
2011-12	20.20	20.49	21.87	19.15
2012-13	18.14	19.99	26.10	21.99
2013-14	22.16	19.26	24.71	22.56
2014-15	27.71	19.80	31.24	24.95
2015-16	29.20	19.79	29.96	23.87
2016-17	23.33	17.51	24.79	18.48
2017-18	16.62	14.02	22.23	14.90
2018-19	17.12	15.18	18.28	18.63
2019-20	28.66	12.88	24.60	19.60
2020-21	24.21	17.03	23.87	23.38

Table No.6

Year	National	New India	Oriental	United
2006-07	86.51	80.34	87.67	90.26
2007-08	94.05	86.82	90.47	92.75
2008-09	99.16	89.00	99.69	78.62
2009-10	85.05	89.87	90.79	86.74
2010-11	97.05	100.80	94.22	94.36
2011-12	87.50	90.01	91.25	88.50
2012-13	85.57	86.16	81.54	84.61
2013-14	81.18	83.78	85.84	82.56
2014-15	77.54	84.02	81.89	84.42
2015-16	95.28	87.84	83.71	87.81
2016-17	97.25	91.26	112.11	107.06
2017-18	114.24	85.66	85.39	101.83
2018-19	109.94	95.39	106.10	109.40
2019-20	105.86	91.43	102.34	101.46
2020-21	86.23	84.19	95.33	88.45

Table No.7

Year	National	New India	Oriental	United
2006-07	4.12	8.62	3.70	2.86

2007-08	6.75	9.54	4.57	5.06
2008-09	6.38	10.68	6.55	6.23
2009-10	6.06	9.83	6.72	6.07
2010-11	5.36	10.02	6.63	5.84
2011-12	5.95	11.40	6.63	5.86
2012-13	5.23	8.92	5.66	4.25
2013-14	6.72	10.47	6.00	5.77
2014-15	5.70	9.64	5.41	6.03
2015-16	5.74	9.38	6.59	5.12
2016-17	2.68	7.43	5.97	5.20
2017-18	9.77	9.25	6.62	5.60
2018-19	7.86	10.23	6.21	5.59
2019-20	8.31	9.75	7.48	5.56
2020-21	8.61	9.40	8.17	6.60

Table No.8

Year	National	New India	Oriental	United
2006-07	38.11	49.72	43.11	55.38
2007-08	39.12	48.76	39.74	58.37
2008-09	30.38	31.94	32.46	34.00
2009-10	35.34	37.49	32.57	43.99
2010-11	38.23	36.33	41.64	40.29
2011-12	28.22	29.65	32.90	29.01
2012-13	28.17	29.52	34.58	25.57
2013-14	26.06	28.71	32.74	25.87
2014-15	26.81	28.75	32.69	24.30
2015-16	20.16	29.78	27.90	23.19
2016-17	22.69	28.87	27.20	22.54
2017-18	22.50	28.16	23.68	25.01
2018-19	22.78	27.55	23.23	24.16
2019-20	22.77	21.84	18.92	20.32
2020-21	26.05	25.30	21.73	24.40

Table No.9

Year	National	New India	Oriental	United
2006-07	421.28	729.98	497.27	520.34
2007-08	163.43	700.57	9.30	438.76
2008-09	117.87	185.15	124.17	353.18
2009-10	312.31	156.94	220.73	625.27
2010-11	75.90	200.59	306.20	87.41
2011-12	325.21	89.66	253.39	257.86
2012-13	697.85	421.83	533.88	351.55
2013-14	822.89	544.49	306.86	351.73

2014-15	970.11	715.61	261.40	200.38
2015-16	149.23	414.35	150.25	147.06
2016-17	45.84	503.97	845.55	1275.69
2017-18	2170.77	1100.46	754.95	668.44
2018-19	16961.22	703.63	1468.30	1251.94
2019-20	16433.34	172.06	609.64	742.93
2020-21	9900.57	194.74	446.04	2587.87

Table No.10

Year	National	New India	Oriental	United
2006-07	5.73	8.60	6.33	7.66
2007-08	1.84	6.69	0.10	7.95
2008-09	2.35	2.51	2.09	9.68
2009-10	3.24	1.36	2.20	10.47
2010-11	0.77	1.68	2.97	1.46
2011-12	3.56	0.77	2.56	4.59
2012-13	7.29	3.47	5.12	6.06
2013-14	7.52	3.96	4.01	5.47
2014-15	7.68	4.28	3.04	2.62
2015-16	1.68	2.76	2.70	2.24
2016-17	0.43	2.83	14.50	20.12
2017-18	32.85	5.71	12.78	10.11
2018-19	46.16	18.00	26.22	25.73
2019-20	234.44	5.12	3.46	82.88
2020-21	67.09	4.26	1.78	126.79

Table No.11

Year	National	New India	Oriental	United
2006-07	215.67	261.52	227.74	204.74
2007-08	228.52	290.08	246.58	218.24
2008-09	166.49	220.90	179.18	173.04
2009-10	213.83	267.66	224.66	208.63
2010-11	201.43	248.96	210.85	192.28
2011-12	184.55	220.87	196.44	168.35
2012-13	166.40	214.44	190.16	159.48
2013-14	167.88	207.29	192.10	160.25
2014-15	171.47	218.35	196.54	166.53
2015-16	145.06	191.31	177.31	154.39
2016-17	148.56	206.29	165.91	139.14
2017-18	123.46	199.93	165.02	137.76
2018-19	112.78	191.13	149.57	124.00
2019-20	91.32	152.91	109.73	105.24
2020-21	109.47	167.36	128.82	121.51

Table No.12

Year	National	New India	Oriental	United
2006-07	39.42	51.62	42.04	30.75
2007-08	37.40	59.28	39.28	31.88
2008-09	39.26	68.80	47.87	35.52
2009-10	39.82	71.31	48.36	38.79
2010-11	29.28	65.34	39.38	30.07
2011-12	21.14	69.41	38.38	31.85
2012-13	28.77	63.93	36.75	28.13
2013-14	29.44	66.37	38.62	26.87
2014-15	30.20	56.68	39.46	23.89
2015-16	32.49	53.32	37.91	23.90
2016-17	33.45	50.24	33.79	25.84
2017-18	31.71	52.45	35.93	22.54
2018-19	28.96	46.53	37.33	18.62
2019-20	24.92	45.62	44.84	22.29
2020-21	23.17	42.50	35.97	26.27