A Study on Comparative Analysis of Insurance Companies

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Abstract: *This study conducts a comparative analysis of insurance companies to explore their performance, operational strategies, and market positioning within the insurance sector. Utilizing a mixed-methods approach, the research combines quantitative analysis of financial data and qualitative assessment of company strategies and market dynamics. Key performance indicators such as solvency ratios, profitability measures, market share, and customer satisfaction are evaluated across a sample of insurance companies. Additionally, qualitative data is gathered through interviews with industry experts and analysis of company reports to gain insights into strategic initiatives, product offerings, customer service, and regulatory compliance. The findings of this study aim to provide stakeholders with a comprehensive understanding of the competitive landscape in the insurance industry, as well as identify best practices and areas for improvement among insurance companies.*

Keywords: Insurance, Loan, Profitability.

I. INTRODUCTION

Insurance is the backbone in managing the risk of the country. The insurance providers offer diversity of products to business, thus ensuring protection from risk thereby guaranteeing financial stability. It helps individual and organization to minimize the consequences of risk which impart significant cause on the growth and development of insurance industry. Insurance plays a key role in stabilizing the economy, trade and commerce.

What is Life Insurance?

(Life Insurance) is defined as a contract between the policy holder and the insurance company, where the life insurance company pays a specific sum to the insured individual's family upon his death. The life insurance sum is paid in exchange for a specific amount of premium.

The Indian Insurance Industry is divided into 2 basic sectors – Life Insurance and Non-life Insurance (also called General Insurance) Both these sectors are regulated by Insurance Regulatory and Development Authority (IRDA) of India which is a government body which frames the rules for the entire industry and all insurance companies have to abide by them. IRDA is the policy maker for the entire insurance industry in India and also serves as the custodian of consumers rights.

Growth of Life Insurance Industry

As an industry, insurance is regarded as a slow-growing, safe sector for investors. This perception is not as strong as it was in the 1970s and 1980s. (A Brief Overview of the Insurance Sector) . The Indian Insurance has been growing rapidly since 2000, as it was liberalised after more than 50 years of monopoly of LIC, where private life insurers have entered the insurance sector with innovative practices leading to more business. Indian consumers, who have always seen life insurance as a tax saving system, are now suddenly turning to the private sector and snapping up the new innovative products on offer. The Private players have taken some market share from LIC, and major growth has happened because of market expansions. The Indian Insurance Industry is getting ready for new era, where it is building world-class risk Management capability. The insurance industry has come a long way from being an open competitive market to nationalized then back to a liberalized market in India.

Current market Scenario

According to (Indian Insurance Industry Report , 2021) the insurance industry of India has 57 insurance companies 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. According to (McKinsey, 2007) it was estimated that India is likely to emerge as the fifth largest market in the world by 2025.

In India, most private companies have entered into business with collaboration with established Insurance Companies in the world, both in the life and non-life Insurance Sectors. These global players' skills contribute to the performance of the Indian insurance sector, as it replicates the learning acquired from other industries over a long span of time. The international partner of any insurance firm in India is not allowed to own more than 26% of the shares in Indian insurance company as per IRDA regulations. We have seen big financial groups in India like SBI, ICICI and HDFC enter this pace and become aggressive players. .

Other famous corporate groups like the Tata's, Birla's and the Ambani's have also formed insurance companies.

OBJECTIVES OF THE STUDY

Following are the main objectives of the study are

- To know the customers awareness regarding the life insurance.
- To know the customers awareness regarding the various life insurance
- Companies in the insurance sector.
- To know the customers preference towards the private or public insurance sector.
- To know the different promotion strategy used by companies to aware their customers.
- To evaluate the factors underlying consumer perception towards investment in life insurance policies.
- To develop and standardize a measure to evaluate investment pattern in life insurance services.

II. REVIEW OF LITERATURE

1. (Naidu & Paramasivan, 2020) highlighted that the measurement of performance of insurance firms become important, because they not only include the money saving and risk transfer process, but also help to properly redirect funds in order to finance investment activities in the economy.

2. (Joshi & Takodia, 2020) study suggests that all life insurers need to raise understanding on the definition of life insurance and on different life insurance undertakings among investors in order to increase market share and growth in a sector. When looking at Life insurers, they must have adequate weightage for different factors such as the timeliness of pay-out and the sum of their claims, ensure that investors are at the best possible convenience in the settlement, provide integrity and retain strong financial position to draw the interest of investors.

3. (Kumari, 2020) analysed efficiency assessment of India's post-liberalization life insurance market by using different ratios. The study concluded that India has registered a rise in both insurance penetration and density since Indian insurance market was opened to private firms. India's life insurance spectrum is enormous. The total assets to earned premium ratio, investment income to earned premium ratio and investment income to total investment ratio represent an insurer's economic solidity and reveal the performance with respect to investment decisions.

4. (Dr. Parmasivan, 2021) has carried out a comparative analysis of insurance providers in India in the public and private Life Insurance Companies. Current ratio and debt equity ratio is estimated to measure the solvency ratio for financial efficiency. The analysis shows that LIC already dominates the market. The new commercial channels of promotion are used by private sector insurance providers in comparison to LIC. The sale of more plan-linked units allows private insurers to capture LIC market share. Private insurers are also better than LIC's solvency and lapse ratios. In comparison with private life insurance the service of death lawsuits was higher for LIC.

5. (Mishra, 2021) suggest that the current public insurers with ensuring cost-effectiveness should stay competitive also. These public sector firms have taken a range of steps with regard to competition with private sector businesses. But, despite changing their strategy and ideology in the post-Reform era, the government sector companies do need to reassess their current status. Insurance firms must ensure that premium goods are guaranteed at a fair price and

companies can reduce the price of the commodity by reducing costs. Success depends on their sustainability, competitiveness, reliability and quality of service performance.

6. (Bodla, Bodla, & Tondon, 2021) analysed and compared the profits of life insurance firms in India (Public and Private). The 10-year comparison frame for the analysis varied from 2017 and 2020. Seven factors, including Net Premium, Investment income, Underwriting income, asset return, combined ratio, solvency ratio and profits were used for analysis of income and financial results. The analysis showed that the net average premium over the last five years was the highest for ICICI prudential followed by the HDFC Standard and SBI Life, while the lowest premium for the private sector life insurers was mobilised by IDBI Federal. They concluded, too, that in almost every private sector corporation in the past five years, the CAGR's underwriting revenue has decreased.

III. RESEARCH METHODOLOGY

According to John Best, "Research is systematic activity directed towards discovery and the development of an organized body of knowledge.

Research is a process of systematic and in depth study of any topic or subject backed by collection, compilation, presentation and interpretation of relevant data. A research design is the specification of the methods and procedures for acquiring the information needs to structure what information is to be collected from which sources and by what procedures. Research design is needed because it facilitates the smooth sailing of various Research operations, thereby making as efficient as possible. In simple words it refers to the process of research.

3.1 Research Design :

It is the overall plan or program of research. A researcher depending upon the topic of the study may choose explorative, diagnostic, descriptive or experimental studies. The research is of descriptive type.

Any research design performs two major functions:

* Preparing a structure plan outlining various methods and techniques required in conducting the research.
* Making sure that these method and techniques are suitable for the research. It also ensures that these techniques will help in finding objective, precise, and suitable answers to the research questions. According to derringers, this function is called "control of variance".

Sampling Design :

As soon as the design research is selected, the next task is to select the sample design. Sample design sets a platform for effective data collection and analysis. A sample design responsible for the effective selection of research samples. Selecting sample design affects many aspects related to the research work. Hence, selection of suitable sample design should be carefully performed.

Data Sources:

Data is collected from both primary and secondary data.

Primary Data:

This refers to the first – hand information collected directly by the researcher. A questionnaire was given to the customers to collect primary data. The total number of respondents was 150.

Secondary Data:

Data, which are not originally collected but rather obtained from published sources, are known as secondary data. This data was collected from company records journals.

Data Collection Tools:

Structured questionnaire is used here as the instrument to collect the data.

Sampling Size The sample size of study is 100.

Research Tools:

Research tools are statistical techniques used for data analysis and to arrive at certain conclusions. The tools used for this project is, percentage analysis.

Percentage Analysis :

It refers to a special kind of ratio. Percentage are used in making comparison between two are more series of data. Percentages are used to determine relationships between the series of data. Finding the Relative Differences Become Easier through Percentage.

IV. DATA ANALYSIS & INTERPRETATION

Table : Response of respondents about being associated with Bajaj Allianz

| Response	Respondents	Percentage
3 years	08	08
5 years	38	38
10 years	14	14
Above 10 years	40	40
Total	100	100
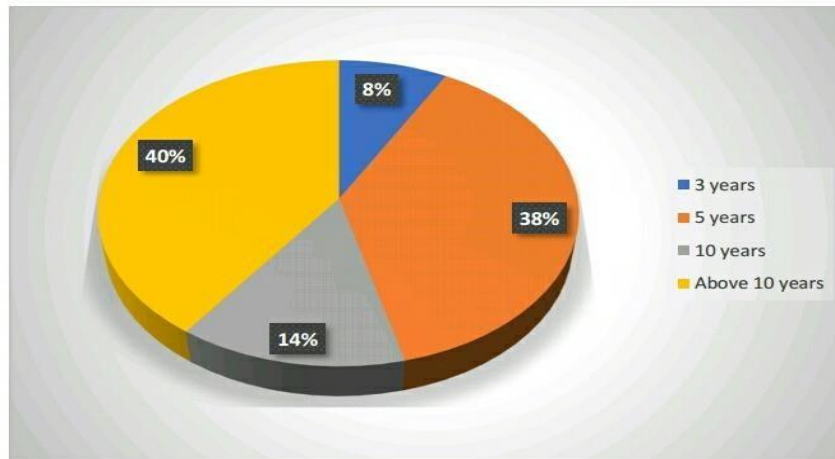
Response of respondents about being associated with Bajaj Allianz

Inference

- 08% of the respondents feel to be associated with Bajaj Allianz for 3 years.
- 38% of the respondents feel to be associated with Bajaj Allianz for 5 years.
- 14% of the respondents feel to be associated with Bajaj Allianz for 10 years.
- 40% of the respondents feel to be associated with Bajaj Allianz for above 10 years

Table 2: Response of satisfaction level of service provided by Bajaj Allianz of self-employed

Service	Respondent	Percentage
Yes	34	68
No	16	32
Total	50	100

Response of service provide by Bajaj Allianz of self-employed
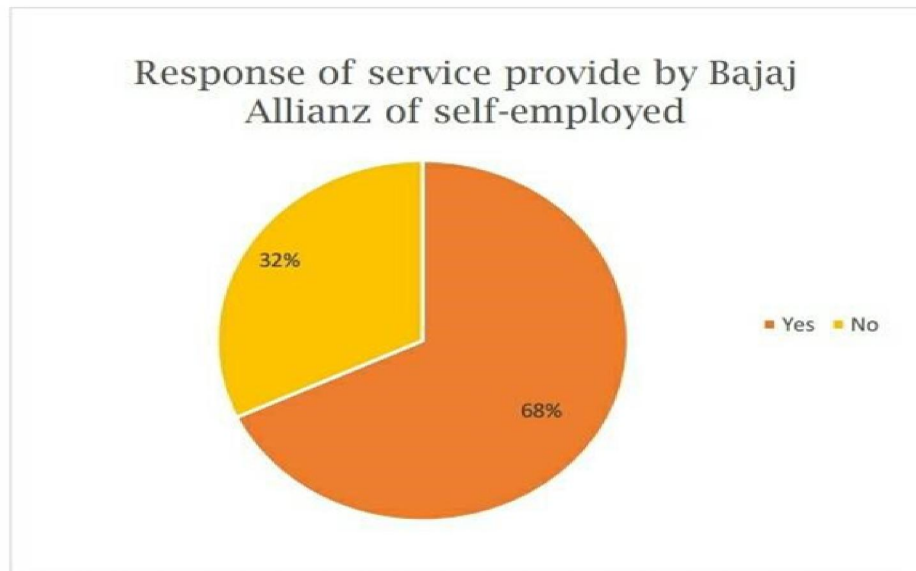
Inference:
Response of satisfaction level of service provided by Bajaj Allianz of self-employed
Inference
- 68% of the respondents feel that the service provided by Bajaj Allianz is to their satisfaction.
- 32% of the respondents feel that the service provided by Bajaj Allianz is not to

V. FINDINGS
- Both the companies are at equal position in terms of 49th month persistency ratio for the FY 2020 which shows that both the companies have same ability to retain their customers in the particular year.
- Both the Companies have a solvency ratio more than the mandatory requirement of 150% during the study period which shows that both the companies have enough buffers to settle all claims in extreme situations.
- Since p is less than $p < 0.05$, H0 is rejected and hence it is proved that there is a significant difference between Current Ratio of SBI Life Insurance and ICICI Life Insurance.

VI. SUGGESTIONS
- It is suggested to ICICI Prudential Life Insurance to raise extra finance to meet their short-term financial obligations.
- In my opinion, it will be beneficial to both the companies if they cut down their expenses to increase their net profit as the study shows decline in their Net Profit Ratio during the study period of 3 years.
- Both the companies should look for the factors which are leading to deterioration of their operational efficiency and taking necessary measures to counter them.
- Since p is less than $p < 0.05$, H0 is rejected and hence it is proved that there is a significant difference between Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance.

VII. CONCLUSION
The study has aimed to examine the financial performance of Indian life insurance companies i.e. SBI Life Insurance and ICICI Prudential Life Insurance through analysing the determinants of their profitability. Performance of companies can affect economy as a whole and therefore it requires empirical analysis to judge the performance. For

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measuring financial performance, financial ratios such as Liquidity Ratio, Profitability Ratio, Persistency Ratio and Solvency Ratio have been calculated. T-Test was also conducted to check if there was a significant difference between the Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance .The study evaluated that SBI Life Insurance have sound liquidity position and ICICI Prudential Life Insurance is not in a good financial health. Profitability measure of SBI

Life Insurance is better than ICICI Prudential Life Insurance. But, there is a decline in the Profitability Ratio during the study period which shows deterioration in the operational efficiency of both the firms. Hence, both the firms needs to adopt immediate corrective measures to arrest the downfall in the ratio .As far as 13th persistency ratio is concerned the performance of ICICI Prudential Life Insurance is better than that of SBI Life Insurance but it can be seen that SBI Life Insurance is trying to increase their ratio over the previous years and has reached very near to the ratio of ICICI Life Insurance in FY 2020.Both the companies are at equal position in terms of 49th month persistency ratio for the FY 2020 which shows that SBI Life Insurance is equally cable to retain their customers than that of ICICI Prudential Life Insurance and is better in FY 2019 . From the analysis of T-Test results, it is clear that there is a significant difference between Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance. Thus, in the light of above findings, it can be concluded that SBI Life Insurance is performing better than ICICI Prudential Life Insurance.

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