

## **An Analysis of Selected Indian Insurance Companies in Comparison Based on Financial Performance**

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### **Abstract**

In the study India's top Life Insurance Companies have been selected on the basis of popularity and variety of products. A thorough examination of financial statement analysis is necessary to determine whether a stock is worthy of investment. Five financial years, spanning from 2018–19 to 2022–2023 have been considered. The research aims to evaluate the financial results of a subset of Indian insurance firms, analyze their overall performance, and provide a ranking to these businesses based on their overall performance. This study's primary goal is to support decision-making for policyholders and investors. The suggested study combines empirical and explanatory research methods. The required data inputs for the study project were taken from the insurance firms' publicly available quarterly, half-yearly, and annual reports, which include both statutory and non-statutory disclosures.

*Keywords:* Financial Analysis, Independent Auditor's Report, Annual Report, Financial Ratios, Premium, Total Incomes, Profitability, Solvency, Earnings, Net Worth and Claim Settlement.

### **INTRODUCTION:**

India's insurance industry is one of the fastest growing in the country and is now undergoing substantial expansion. The public's growing awareness of the advantages of life insurance

and growing earnings are the reasons for this expansion. India has the world's fifth-largest market for life insurance. The insurance industry has been a major player in India's financial system. Life insurance has been used

to mobilize long-term savings in order to promote economic development and growth. Additionally, it meets the demands of the nation's socioeconomic goals as well as the actual economy. Insurance industry is still seen as a trustworthy financial sector by investors.

#### LITERATURE REVIEW:

a) Dr. Harish et al. (2014) conducted a study to see if SERVQUAL dimensions could be applied to the current product offerings of the private giant ICICI and the largest public sector insurer in India, Life Insurance Company. The purpose of the study was to compare and evaluate consumers' perceptions of service quality and determine the degree to which particular insurance companies' product offers were well-received.

b) Ms. Babita Yadav et al. (2014) investigated client preferences for life insurance, along with other factors impacting customers' purchasing decisions. According to the poll, although LIC is the most popular and commonly used brand of life insurance, private insurance companies are gradually gaining market share due to customer trust and their better services.

c) Tanveer Ahmad Darzi (2009) has conducted a statistical analysis to evaluate the financial performance of both public and

private insurance businesses through "Financial Performance of Insurance Business in the Period of India Postal Liberalization". The study's goal was to ascertain how the insurance industry's 2000 privatization influenced the industry's overall financial performance. It also examines the impact of liberalization on corporate security in the public and private sectors.

d) T. Chandrashekhara and Dr. K.S. Sarala (2017) examined Four public and six private general insurance companies in India for performance using claims and premiums as the factors. The research was based on the IRDA's annual report on the data collected by companies during the preceding 10 years. The paper claims that in order for state-owned enterprises to thrive in the face of intense competition from private companies, they must adopt novel, inventive strategies. The text also argues that in addition to the regulator, IRDA has to recognize the authority and role of insurance companies.

e) Dr. Nalini PraveThripathy (2007) argued in her research paper, "Indian Insurance Industry-The Paradigm Shift," that throughout the two decades when India's economy thrived, major financial reforms were implemented in all sectors of the economy. The article also

discusses the general insurance sector, which handles property and product risk.

f) C Kalpana Naidu and Dr. C Paramasivan (2015) said in his research that due to its great potential for long-term large-scale money accumulation, life insurance has evolved into a modern market economy cornerstone. According to the report, the LIC still has a dominant position in the insurance industry, despite concerns that privatization would harm the company's future.

g) Hrutik Shah and H.M. Jha (2023) investigated that Every insurance provider has its advantages and disadvantages. UTI Insurance has the lowest prices, whereas LIC Insurance provides the most complete coverage at reasonable cost.

#### RESEARCH GAP:

a) It is observed that the above said research does not cover the analytical financial comparisons of leading market players of insurance sectors in India.

b) It is also observed that most of the research is related to the comparison of products of insurance companies.

c) Previous researchers didn't look at the growth factor on average basis, these includes only particular financial year.

d) During the review of literature it is also

found that no researcher is talking about the actual claim settlement ratios, which are much important for an investor.

e) Previous research did not consider the comparison of profitability and earning per shares.

#### OBJECTIVES OF THE STUDY:

- To analyse the financial performances of selected Indian insurance companies.
- To compare the financial ratios of leading players of insurance sector.
- To rank the companies on the basis of their holistic performances.

#### RESEARCH DESIGN:

The technique, study duration, sample size, data sources, and research variables employed are all included in research design.

**5.1** Methodology: The proposed study has combined explanatory and empirical research.

**5.2** Period of the study: In this research work, five financial years, spanning from 2018–19 to 2022–2023 have been considered.

**5.3** Samples of the study: The life insurance companies registered with IRDAI upto March 2024 have been selected on the basis of their popularity and product range. Total ten life insurance companies have been selected,

which includes both government and private incorporations.

Solvency Ratio, Current Ratio, Earning Per Share and Claim Settlement Ratio.

**5.4 Sources of Data:** The required data inputs for the study project were taken from the insurance firms' publicly available quarterly, half-yearly, and annual reports, which include both statutory and non-statutory disclosures.

**Financial performance analysis of life insurance companies:**

Tables are constructed on the basis of financial performance of the selected life insurance companies during a period of 2018-19 to 2022-23. The financial ratios are computed by self from the Annual Reports of the respective companies.

**5.5 Variables Used:** The study employed a total of nine variables, which are as follows: Net Premium Income, Total Income, Profit after Tax, Net Worth, Profitability Ratio,

**Table: 1** Ranking of Life Insurance Companies on the Basis of Net Premium Income

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		
LICIC	337185	379062	402844	427419	474004	404103	1
SBILIC	32890	40324	49768	58432	66581	49599	2
HDFCLIC	28924	32223	38122	45396	56764	40286	3
ICICIP LIC	30578	32879	34973	36321	38560	34662	4
MLIC	14418	15979	18739	21987	24881	19201	5
BALIC	8804	9679	11926	15925	19116	13090	6
TATAAIALI C	5956	8105	10779	14071	19975	11777	7
ABSLI	7286	7758	9482	11641	14539	10141	8
PNBMLIIC	4659	5348	5814	6961	8334	6223	9
CHOLIC	3450	3889	5026	5824	7030	5044	10

**Interpretation:** The total amount of premiums issued by an insurance company for a certain period of time, less the premiums given to reinsurance firms and any assumed reinsurance, is known as net premiums income. Table 1 shows Life Insurance Corporation (LIC) India Company enjoys the

first position among all Indian life insurance companies followed by SBI Life Insurance Company and HDFC Life Insurance Company in average net premium earning capacity. The insurance company with the least average net premium income is Canara HSBC OBC Life Insurance Company.

**Table: 2** Ranking of Life Insurance Companies on the Basis of Average Total Income

Company	Financial Year					Average TI	Rank	
	2018-19	2019-20	2020-21	2021-22	2022-23			
LICIC	NPI	337185	379063	402845	427419	474004	673603	1
	IFI	222758	235351	278761	292894	306390		
	OI	841	1469	599	789	7648		
	TI	560784	615883	682205	721102	788042		
SBILIC	NPI	32890	40324	49768	58432	66581	66963	2
	IFI	11208	2997	31456	23568	13260		
	OI	163	522	861	1027	1757		
	TI	44261	43843	82085	83027	81598		
HDFCLIC	NPI	28924	32223	38122	45396	56764	55000	3
	IFI	9027	-3311	32678	19216	12597		
	OI	485	349	442	746	1344		
	TI	38436	29261	71242	65358	70705		
ICICPLIC	NPI	30578	32879	34973	36321	38560	52292	4
	IFI	10214	-12517	47438	24970	9964		
	OI	608	1577	1668	2274	1954		
	TI	41400	21939	84079	63565	50478		

MLIC	NPI	14418	15979	18739	21987	24881	26072	5
	IFI	4865	2159	12166	8762	6096		
	OI	44	61	58	67	78		
	TI	19327	18199	30963	30816	31055		
BALIC	NPI	8804	9679	11926	15925	19115	19164	6
	IFI	4566	150	12265	8178	4820		
	OI	90	75	65	73	89		
	TI	13460	9904	24256	24176	24024		
TATAAIALI C	NPI	5956	8105	10779	14071	19975	16148	7
	IFI	2017	50	8588	4932	3542		
	OI	246	242	265	692	1280		
	TI	8219	8397	19632	19695	24797		
ABSLI	NPI	7286	7758	9483	11642	14539	14402	8
	IFI	3323	582	7936	5514	3697		
	OI	43	45	55	52	56		
	TI	10652	8385	17474	17208	18292		
PNBMLIIC	NPI	4659	5348	5814	6961	8334	8483	9
	IFI	1596	363	3614	3038	2139		
	OI	101	48	70	240	89		
	TI	6356	5759	9498	10239	10562		
CHOLIC	NPI	3451	3889	5027	5824	7031	6816	10
	IFI	1054	-915	4110	2580	1313		
	OI	17	104	184	256	154		
	TI	4522	3078	9321	8660	8498		

**Interpretation:** Total Income includes sum of Investment (IFO) and Other Incomes (IO) also Net Premium Income (NPI), Income from known as miscellaneous incomes. Table 2

shows that there is no difference in ranking if income from investment and other incomes are included in net premium income to measure the effect of total income. There is no change

in the position of the company whether it is based on only net premium income or total income because net premium income is a major element of total income.

**Table: 3** Ranking of Life Insurance Companies on the Basis of Average Profit after Tax

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		
LICIC	2688	2713	2900	4043	36397	9748	1
ICICIPLIC	1233	2187	2105	2190	2302	2003	2
SBILIC	1327	1422	1456	1506	1721	1486	3
HDFCLIC	1276	1295	1360	1208	1360	1300	4
MLIC	556	539	523	387	435	488	5
BALIC	502	450	580	324	390	449	6
CHOLIC	274	211	474	253	158	274	7
TATAAIALI C	33	44	47	71	505	140	8
ABSLI	126	104	106	127	138	120	9
PNBMLIIC	143	93	101	-71	112	76	10

**Interpretation:** The amount left over after a business pays off all of its liabilities, taxes, and operating and non-operating expenditures is referred to as profit after tax. This profit is what the company retains in

reserves as retained earnings or distributes to its shareholders as dividends. Table 3 shows that Life Insurance Corporation (LIC) India Company gets rank one on the basis of average profit earning followed by ICICI

Prudential Life Insurance Company and SBI Life Insurance Company. The least average

profit earning insurance company is PNB MetLife India Insurance Company.

**Table: 4** Ranking of Life Insurance Companies on the Basis of Average Net Worth

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		
LICIC	679	739	6361	10409	45669	12771	1
BALIC	9654	9731	10735	10939	10785	10369	2
SBILIC	7576	8743	10400	11621	13016	10271	3
HDFCLIC	5656	6800	8638	15486	12986	9913	4
ICICIP LIC	7047	7218	9119	9163	10092	8528	5
MLIC	2761	2506	2885	3064	3505	2944	6
ABSLI	2100	2200	2364	2481	2926	2414	7
TATAAIALI C	2070	2114	2161	2264	2770	2276	8
PNBMLIIC	1218	1307	1417	1350	1453	1349	9
CHOLIC	1083	1189	1274	1290	1353	1238	10

**Interpretation:** A corporation's net worth is the sum of its assets less the sum of its liabilities. It is a crucial indicator of a business's health and gives a helpful overview of its present financial situation. Table 4 shows that Life Insurance Corporation (LIC) India Company is the strongest company because it

has maximum average net worth of ₹ 12771 crore followed by Bajaj Allianz Life Insurance Company 10369 crores and SBI Life Insurance Company 10271 crores. The above table also shows that the Canara HSBC OBC Life Insurance Company has least average net worth of 1238 Cr.

**Table: 5** Ranking of Life Insurance Companies on the Basis of Average Profitability Ratio

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		



BALIC	3.7	4.5	2.4	1.3	1.6	2.7	1
HDFCLIC	3.31	4.37	1.9	1.84	1.96	2.68	2
SBILIC	2.97	3.24	1.78	1.81	2.13	2.39	3
ICICIPLIC	2.7	5.1	1.2	1.2	1.6	2.36	4
MLIC	2.88	2.96	1.68	1.24	1.39	2.03	5
CHOLIC	3.6	3.4	1	0.1	1.1	1.84	6
LICIC	0.48	0.44	0.43	0.56	4.61	1.3	7
PNBMLIC	2	2	1	-1	1	1	8
ABSLI	1.18	1.24	0.61	0.74	0.76	0.91	9
TATAAIALI C	0.4	0.52	0.24	0.37	2.12	0.73	10

**Interpretation:** Profitability ratio shows the profit margin of a company, which is calculated as Profit after Tax divided by Total Income. Higher the ratio shows higher the profit margin. Table 5 shows that Bajaj Allianz

Life Insurance Company enjoyed maximum average profit margin followed by HDFC Life Insurance Company and SBI Life Insurance Company, whereas TATA AIA Life Insurance Company enjoyed least average profit margin.

**Table: 6** Ranking of Life Insurance Companies on the Basis of Average Solvency Ratio

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		
BALIC	8.03	7.45	6.66	5.81	5.16	6.62	1
CHOLIC	3.93	3.65	3.27	2.82	2.52	3.24	2
TATAAIALI C	2.68	2.35	2.04	1.96	1.86	2.18	3
MLIC	2.51	2.19	2.02	2.01	1.9	2.13	4
SBILIC	2.13	1.95	2.15	2.05	2.15	2.09	5

ICICIPLIC	2.15	1.94	2.17	2.04	2.09	2.08	6
PNBMLIIC	1.97	1.89	1.9	2.09	1.86	1.94	7
HDFCLIC	1.88	1.84	2.01	1.76	2.03	1.9	8
ABSLI	1.98	1.78	1.8	1.88	1.73	1.83	9
LICIC	1.6	1.55	1.76	1.85	1.87	1.73	10

**Interpretation:** As per IRDA Solvency ratio is an important tool which represents financial soundness of an insurance company. It is needed to disclose Available Solvency Margin and Required Solvency Margin of an Indian insurance company. The availability of a cushion over the regulation minimum as well as compliance with the minimum requirement of 1.5 times

are assessed. Table 6 represents that Bajaj Allianz Life Insurance Company is more solvent company among the all selected insurance companies followed by Canara HSBC OBC Life Insurance Company and TATA AIA Life Insurance Company. This is also found that Life Insurance Corporation (LIC) India Company has least average solvency ratio among these companies.

**Table: 7** Ranking of Life Insurance Companies on the Basis of Average Current Ratio

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		
LICIC	3.04	2.23	2.23	2.78	3.32	2.72	1
SBILIC	1.97	1.93	1.69	1.48	1.85	1.78	2
ABSLI	1.67	1.67	1.27	1.31	1.35	1.45	3
CHOLIC	1.58	1.32	0.86	1.3	1.35	1.28	4
PNBMLIIC	1.25	1.22	1.19	0.95	1	1.12	5
BALIC	1.54	1.25	1.06	0.86	0.8	1.1	6
MLIC	1.12	1.31	1.02	0.97	1.03	1.09	7
ICICIPLIC	0.91	1.15	1.04	0.93	1.01	1.01	8

TATAAIALI C	1.04	0.91	1.21	0.81	0.85	0.96	9
HDFCLIC	0.79	0.87	0.78	0.84	0.86	0.83	10

**Interpretation:** This ratio shows how well an insurer can pay off its present debts without having to borrow money or sell off long-term investments too soon. The insurer's liquidity is susceptible to the cash flow from premium collections if this ratio is less than one. Table 7 shows that Life Insurance Corporation (LIC) India Company ranked

one among selected insurance companies in case of liquidity position because it has a strong average current ratio of 2.72 followed by SBI Life Insurance Company with 1.78 and Aditya Birla Sun Life Insurance 1.45. Whereas HDFC Life Insurance Company has least average current ratio of 0.83.

**Table: 8** Ranking of Life Insurance Companies on the Basis of Average Earning Per Share

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		
BALIC	33.3	29.83	38.5	21.53	25.85	29.8	1
LICIC	4.25	4.29	4.59	6.39	57.55	15.41	2
SBILIC	13.27	14.22	14.56	15.06	17.19	14.86	3
ICICPLIC	7.95	7.44	6.69	5.25	5.64	6.59	4
HDFCLIC	6.34	6.43	6.76	5.91	6.38	6.36	5
MLIC	2.9	2.81	2.73	2.02	2.27	2.55	6
CHOLIC	1.74	1.11	1	0.11	0.96	0.98	7
TATAAIALI C	0.17	0.23	0.24	0.36	2.59	0.72	8

ABSLI	0.66	0.55	0.56	0.67	0.72	0.63	9
PNBMLIIC	0.71	0.46	0.5	-0.35	0.56	0.38	10

**Interpretation:** Profitability is gauged by this ratio from the perspective of the shareholder. A higher ratio indicates a more successful business. It is calculated as Net Profit divided by Total number of shares. Table 8 shows that Bajaj Allianz Life Insurance Company earned

more average profit per share followed by Life Insurance Corporation (LIC) India Company and SBI Life Insurance Company. PNB MetLife India Insurance Company earned least average profit per share.

**Table: 9** Ranking of Life Insurance Companies on the Basis of Average Claim Settlement Ratio

Company	Financial Year					Average	Rank
	2018-19	2019-20	2020-21	2021-22	2022-23		
HDFCLIC	99.3	99.4	99.4	99.6	99.7	99.48	1
MLIC	98.7	98.74	99.22	99.34	99.51	99.1	2
CHOLIC	98	99.06	98.9	99	99.01	98.79	3
TATAAIALI C	99.07	99.06	98.02	98.53	99.01	98.74	4
LICIC	97.79	98.69	98.62	98.74	98.5	98.47	5
ICICIPLIC	98.5	97.8	97.9	97.8	98.7	98.14	6
PNBMLIIC	96.96	97.97	98.39	98.64	98.64	98.12	7
BALIC	95.01	98.02	98.48	99.02	99.04	97.91	8
ABSLI	97.15	97.54	98.02	98.07	98.12	97.78	9
SBILIC	97.82	97.04	96.1	97.2	98.39	97.31	10

**Interpretation:** The percentage of claims paid by the insurer relative to the total number of claims pending during the financial year is known as the claim settlement ratio. Generally speaking, the insurer is more trustworthy if the claim settlement ratio is greater. Table 9 shows that HDFC Life Insurance Company has

highest average claim settlement ratio among the selected insurance companies followed by Max Life Insurance Company and Canara HSBC OBC Life Insurance Company. SBI Life Insurance Company has least average claim settlement ratio among the selected insurance companies.

**OVERALL RANKING**

**Table: 10** Overall Ranking

Company	Parameters									Total	Average	Rank
	ANP I	AT I	A P	AN W	AP R	AS R	AC R	AEP S	ACS R			
LICIC	1	1	1	1	7	10	1	2	5	29	2.9	1
SBILIC	2	2	3	3	3	5	2	3	10	33	3.3	2
BALIC	6	6	6	2	1	1	6	1	8	37	3.7	3
HDFCLIC	3	3	4	4	2	8	10	5	1	40	4	4
ICICIPLIC	4	4	2	5	4	6	8	4	6	43	4.3	5
MLIC	5	5	5	6	5	4	7	6	2	45	4.5	6
CHOLIC	10	10	7	10	6	2	4	7	3	59	5.9	7
TATAAIALI C	7	7	8	8	10	3	9	8	4	64	6.4	8
ABSLI	8	8	9	7	9	9	3	9	9	71	7.1	9
PNBMLIIC	9	9	10	9	8	7	5	10	7	74	7.4	10

**Interpretation:** On the basis of above nine parameters Table 10 shows the overall ranking. Life Insurance Corporation (LIC) India Company got first rank where as SBI Life

Insurance Company and Bajaj Allianz Life Insurance Company got second and third rank respectively. PNB MetLife India Insurance

Company got the last rank from the above selected insurance companies.

### Conclusion

After taking into consideration all the important financial parameters, it has been observed that Life Insurance Corporation of India is doing the best among the selected sample. A growth has been observed in the SBI Life Insurance Company (2nd Ranked), Bajaj Allianz Life Insurance Company (3rd Ranked) and HDFC Life Insurance Company (4th Ranked) are performing well in their field.

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Thus, it can be suggested that, in order to maximize their long-term value, investors might place their hard-earned money in the shares of these insurance businesses. Additionally, it can be emphasized that people should not be hesitant to get insurance from these firms.

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