FINANCIAL PERFORMANCE OF SELECTED PRIVATE LIFE INSURANCE COMPANIES IN INDIA: AN ANALYTICAL STUDY

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ABSTRACT

After liberalisation of Indian economy and with the enactment of Insurance Regulatory and Development Authority (IRDA) regulations in the year 2000, the entry of number of private sector life insurers have brought radical changes in the Life insurance market in India and it is at this juncture it has become essential to study the Profitability, Solvency and Liquidity performance of these companies. Three private sector life insurance companies have been selected from the annual report of IRDA for the purpose of study which have the period of seven years from 2010-11 to 2016-17. Out of the company selected for study it revealed that in terms of asset turnover and liquidity HDFC outperforms the other two. In terms of operating efficiency, TATA AIA performs better as compared to HDFC Standard and Sahara Life. At last we also find that HDFC Standard has the most amount of its total assets blocked in fixed assets which reduces the liquidity of the company.

Keywords: Profitability, Solvency, Liquidity.

I. INTRODUCTION

Insurance is an important part of the Indian financial system. Until recently, insurance services were provided by the public sector, i.e. life insurance by the Life Insurance Corporation of India since the mid-1950s, and general insurance by the General Insurance Corporation and its four subsidiaries since the 1970s. The insurance industry was opened up to the private sector in August 2000. The primary objective of liberalisation in the insurance sector was to deepen insurance penetration by enlarging consumer choices through product innovation. The increased competition has lead to rapid product innovations for catering to the diverse requirements of the various segments of the population. Insurance is conventionally the most recognised mode of transferring the risk. Most of the times insurance is used as a risk management tool in the process of hedging the risk of loss from uncertainty and contingency. Insurance transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurers promise to compensate the insured in case of financial loss.

II. REVIEW OF LITERATURE

1. Dey, Adhikari and Bardhan (2015) conducted a study to determine firm specific factor that will have impact on financial performance of life insurance Company of India. In order to conduct the study, data for 10 years (2003-04 to 2012-13) of 13 life insurance companies of India were considered. For the purpose of analysis, ratios namely, Return on Equity (ROE), Liquidity ratio and Solvency ratio were used. Statistical tools such as multiple regression models were used. The study reveals insignificant positive relationship of tangibility and liquidity with financial performance.

2. Bhatia (2017) have carried out a study to find out the comparative solvency position of Bajaj Allianz General insurance company limited and ICICI Lombard general insurance company limited. In order to conduct the study, data for 10 years (2005 to 2015) of 2 life insurance companies of India were considered. For analysis, solvency ratios were used. Statistical tools, such as mean, variances and two tailed T- test was used. The study concluded that both the non-life insurance companies Bajaj Allianz and ICICI Lombard have been able to maintain average solvency ratio of 1.5% in the research period of 10 years and show a good solvency position.

3. Srivastava and Prakash (2016) have carried out a study to compare the performance of public and private life insurance companies in India. In order to conduct the study, data for 10 years (2005-06 to 2014-15) of 24 life insurance companies of India were considered. For the purpose of analysis, statistical tools such as trend analysis, growth rates and Mann-Whitney U –Test were used. The study reveals that as per the total premium income in FY 2014-15, LIC with 73% of business share still holds a significant market share.
Twenty four private insurance companies have established a foothold in the market leading to intense competition. Private insurance companies have a higher growth rate as compared to public sector.

4. Jena (2014) has carried out a study to analyse the financial stability and overall performance of sample life insurance companies in general. In order to conduct the study, data for 5 years (2008 to 2012) of 5 life insurance companies of India were considered. For the purpose of analysis, ratios namely current ratio, liquidity ratio, absolute liquidity ratio and debt equity ratio were used. The study revealed that the selected insurer should finance by proper mix of both ownership and outsiders fund constantly.

III. OBJECTIVES OF THE STUDY

1. To evaluate the profitability of select life insurance companies in India.
2. To evaluate the solvency of select life insurance companies in India.
3. To evaluate the liquidity of select life insurance companies in India

IV. RESEARCH METHODOLOGY

The study is based on secondary data. The present study covers a period of seven years, from 2010-2011 to 2016-2017. Out of 23 number of life insurance companies operating in India, three life insurance companies, namely, HDFC Standard, TATA AIA and Sahara Life have been randomly selected in order to access the financial performance of select life insurance companies in India. In order to select three private sector life insurance companies out of twenty three private sector life insurance companies total net premium of all the companies have been calculated from IRDA report for the period of seven years from 2010-2011 to 2016-2017 & their ranks have been determined based on average net premium during the period of study. On the basis of rank these companies are classified into three groups:

A) Large Size
B) Medium Size and
C) Small Size

The details have been provided in a tabular form:

Table 1: List Of Private Sector Life Insurance Companies In India

<table>
<thead>
<tr>
<th>Name of Life Insurance Companies</th>
<th>Average of Net Premium (2011-12 to 2016-2017)</th>
<th>Rank</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Prudential</td>
<td>1599036.023</td>
<td>1</td>
<td>Large</td>
</tr>
<tr>
<td>HDFC Standard</td>
<td>1393350.427</td>
<td>2</td>
<td>Large</td>
</tr>
<tr>
<td>SBI life</td>
<td>1390299.235</td>
<td>3</td>
<td>Large</td>
</tr>
<tr>
<td>Maxlife</td>
<td>800454.41</td>
<td>4</td>
<td>Large</td>
</tr>
<tr>
<td>Bajaj Alliance</td>
<td>632442.5017</td>
<td>5</td>
<td>Large</td>
</tr>
<tr>
<td>Birla Sunlife</td>
<td>524300.3183</td>
<td>6</td>
<td>Large</td>
</tr>
<tr>
<td>Reliance</td>
<td>445064.5517</td>
<td>7</td>
<td>Large</td>
</tr>
<tr>
<td>Kotak Mahindra OM</td>
<td>337156.4267</td>
<td>8</td>
<td>Large</td>
</tr>
<tr>
<td>Tata AIA</td>
<td>272226.5033</td>
<td>9</td>
<td>Medium</td>
</tr>
<tr>
<td>PNB MetLife India</td>
<td>256788.4883</td>
<td>10</td>
<td>Medium</td>
</tr>
<tr>
<td>Exide</td>
<td>193728.14</td>
<td>11</td>
<td>Medium</td>
</tr>
<tr>
<td>Canara HSBC OBC</td>
<td>192111.6883</td>
<td>12</td>
<td>Medium</td>
</tr>
<tr>
<td>India Fast</td>
<td>188164.1533</td>
<td>13</td>
<td>Medium</td>
</tr>
<tr>
<td>Aviva</td>
<td>179700.8133</td>
<td>14</td>
<td>Medium</td>
</tr>
<tr>
<td>Star Union Dai-ichi</td>
<td>119519.9783</td>
<td>15</td>
<td>Medium</td>
</tr>
<tr>
<td>IDBI Federal</td>
<td>103206.1617</td>
<td>16</td>
<td>Medium</td>
</tr>
<tr>
<td>Bharti AXA</td>
<td>94024</td>
<td>17</td>
<td>Small</td>
</tr>
<tr>
<td>Shriram</td>
<td>80114.8333</td>
<td>18</td>
<td>Small</td>
</tr>
</tbody>
</table>
Thus average net premium has been considered as the proxy of the size of companies and accordingly private sector life insurance companies have been classified into large size, medium size and small size companies. With the use of stratified random sampling, three companies have been selected taking one from each group developed on the basis of the size of the company. In this way three private sector life insurance companies, namely HDFC Standard from large size, TATA AIA from medium size and Sahara Life from small size companies have been selected for the study.

Table 2: Profile Of Selected Life Insurance Company

<table>
<thead>
<tr>
<th>SL NO.</th>
<th>INSURERS</th>
<th>FOREIGN PARTNERS</th>
<th>REGN. NO.</th>
<th>DATE OF REGISTRATION</th>
<th>YEAR OF OPERATION</th>
<th>NET PREMIUM COLLECTED IN 2016-17 (RS IN LAKHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HDFC STANDARD</td>
<td>Standard Life(Mauritius Holdings) 2006,Ltd.UK</td>
<td>101</td>
<td>23-10-2000</td>
<td>2000-01</td>
<td>1927486.44</td>
</tr>
<tr>
<td>2</td>
<td>TATA AIA</td>
<td>American International Assurance Company (Bermuda) Ltd.</td>
<td>110</td>
<td>12-02-2001</td>
<td>2001-02</td>
<td>311527.17</td>
</tr>
<tr>
<td>3</td>
<td>SAHARA LIFE</td>
<td></td>
<td>127</td>
<td>06-02-2004</td>
<td>2004-05</td>
<td>15386</td>
</tr>
</tbody>
</table>


The source of data for the present study has been collected mainly from secondary sources i.e. internet journals, annual reports of select insurance companies and IRDA report. However for analyzing the data a number of statistical and financial tools are used. The various financial tools such as Liquidity, that is ratio of Current Assets to Current Liabilities, ratio of Current Assets to Total Assets and Profitability Ratios viz. ratio of operating expenses to net premium, ratio of benefit paid to net premium, Return on Assets, and various Solvency Ratios such as shareholders fund to total assets, ratio of fixed assets to total assets has been used. Finally statistical tools such as average and standard deviation have been calculate.

V. SCOPE OF THE STUDY

Even though there are good number of life insurance companies in India but present study have been confined to three private sector life insurance companies out of twenty three life insurance companies operating in India for a period of seven years from 2010-2011 to 2016-2017. The scope of the study confined merely on the quantitative measures of financial performance of private sector life insurance companies. To fulfil the objectives of the study very limited financial ratios such as liquidity, solvency and profitability ratios have been calculated.

VI. LIMITATIONS OF THE STUDY

The present study is confined to three private sector life insurance companies from the period 2010-2011 to 2016-2017 to measure financial performance. Very limited variables are taken for the study. However the researcher has his/her own limitations in each and the present study is not free from the following limitations:

Generally the secondary data has been collected from many sources. The gap of non-availability of data from one source has been fulfilled by referring to other sources. The limitations of the secondary data are found to be present in the study.

The data has been taken for a period of seven years is from 2010-2011 to 2016-2017 for analysis and interpretation. However it has been restricted to lesser period because of constraint of the time period. Thus uniformity in the analysis of the select companies cannot be made.

The present study has been taken for three life insurance companies. Other private life insurance companies have been excluded from the present study, so it is very difficult to generalize the findings of the study. Therefore the user of the study should take utmost care while using the findings and suggestions.

VII. DATA ANALYSIS AND DISCUSSION

The chapter deals with the financial Performance of selected Life insurance company's i.e. three Private Limited companies of India, to evaluate financial Performance of each company under study the ratios have been observed for the period of seven years. The purpose of this analysis is to know the financial Performance of each company in congruence with the objective of the study.

Table 3: Return on Assets of Selected Life Insurance Companies

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC STANDARD</th>
<th>TATA AIA</th>
<th>SAHARA LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>-0.004</td>
<td>0.004</td>
<td>0.027</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.008</td>
<td>0.017</td>
<td>0.026</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.011</td>
<td>0.020</td>
<td>0.027</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.012</td>
<td>0.023</td>
<td>0.020</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.012</td>
<td>0.015</td>
<td>0.019</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.011</td>
<td>0.003</td>
<td>0.005</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.010</td>
<td>0.006</td>
<td>0.001</td>
</tr>
<tr>
<td>Mean</td>
<td>0.009</td>
<td>0.013</td>
<td>0.018</td>
</tr>
<tr>
<td>S.D</td>
<td>0.006</td>
<td>0.008</td>
<td>0.011</td>
</tr>
</tbody>
</table>


Table 3. reveals the Return on Assets of three life insurance companies selected for the study. In case of HDFC Standard life, the Return on Assets is the highest in the year 2013-2014 and 2014-15 while the same is the lowest in the year 2010-11. Similarly, in case of TATA AIA the Return on Assets is the highest in the year 2013-14 while the same is the lowest in the year 2015-16. Likewise, in case of Sahara Life, the Return on Assets is the highest in the year 2010-11 and 2012-13 while the same is the lowest in the year 2016-17. The value of mean of Return on Assets is the highest in case of Sahara Life which is followed by TATA AIA and HDFC Standard. The values of standard deviation imply that the performance of HDFC Standard is the most consistent while the performance of Sahara Life is the least consistent out of the three companies selected for the study.

Figure 1: Return on Assets of Selected Life Insurance Companies
Table 4: Current Ratio of Selected Life Insurance Companies

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC STANDARD</th>
<th>TATA AIA</th>
<th>SAHARA LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>0.804</td>
<td>0.678</td>
<td>1.819</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.853</td>
<td>0.732</td>
<td>1.878</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.764</td>
<td>0.803</td>
<td>2.327</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.969</td>
<td>0.756</td>
<td>1.744</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.886</td>
<td>0.720</td>
<td>4.091</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.741</td>
<td>0.665</td>
<td>4.792</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.777</td>
<td>1.056</td>
<td>4.102</td>
</tr>
<tr>
<td>Mean</td>
<td>0.828</td>
<td>0.773</td>
<td>2.965</td>
</tr>
<tr>
<td>S.D</td>
<td>0.080</td>
<td>0.133</td>
<td>1.310</td>
</tr>
</tbody>
</table>


Table 4 reveals the current ratio of three life insurance companies selected for the study. In case of HDFC Standard life, the current ratio is the highest in the year 2013-14 while the same is the lowest in the year 2015-16. Similarly, in case of TATA AIA the current ratio is the highest in the year 2016-17 while the same is the lowest in the year 2015-16. Likewise, in case of Sahara Life, the current ratio is the highest in the year 2015-16 while the same is the lowest in the year 2013-14. The values of mean of current ratio are the highest in case of Sahara Life which is followed by HDFC Standard and TATA AIA. The values of standard deviation imply that the performance of HDFC Standard is the most consistent while the performance of Sahara Life is the least consistent out of the three companies selected for the study.

Figure 2: Current Ratio of Selected Life Insurance Companies

Table 5: Operating Expenses to Net premium of Selected Life insurance Companies

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC STANDARD</th>
<th>TATA AIA</th>
<th>SAHARA LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>0.167</td>
<td>0.236</td>
<td>0.136</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.125</td>
<td>0.210</td>
<td>0.173</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.119</td>
<td>0.215</td>
<td>0.196</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.107</td>
<td>0.188</td>
<td>0.167</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.101</td>
<td>0.237</td>
<td>0.216</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.116</td>
<td>0.197</td>
<td>0.239</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.124</td>
<td>0.236</td>
<td>0.165</td>
</tr>
<tr>
<td>Mean</td>
<td>0.123</td>
<td>0.217</td>
<td>0.185</td>
</tr>
<tr>
<td>S.D</td>
<td>0.021</td>
<td>0.020</td>
<td>0.035</td>
</tr>
</tbody>
</table>

Table 5. reveals the operating expenses to net premium of three life insurance companies selected for the study. In case of HDFC Standard life, the operating expense to net premium is the highest in the year 2010-11 while the same is the lowest in the year 2014-15. Similarly, in case of TATA AIA the operating expense to net premium is the highest in the year 2014-15 while the same is the lowest in the year 2013-14. Likewise, in case of Sahara, operating expenses to net premium is the highest in the year 2015-16 while the same is the lowest in the year 2010-11. The value of mean of operating expenses to net premium is the highest in case of TATA AIA which is followed by Sahara life and HDFC Standard. The values of standard deviation imply that the performance of TATA AIA is the most consistent while the performance of Sahara Life is the least consistent out of the three companies selected for the study.

![Figure 3: Operating Expenses to Net Premium of Selected Life Insurance Companies](image)

Table 6: Shareholder Fund to Total Asset of Selected Life insurance companies

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC STANDARD</th>
<th>TATA AIA</th>
<th>SAHARA LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>0.079</td>
<td>0.148</td>
<td>0.243</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.065</td>
<td>0.130</td>
<td>0.249</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.052</td>
<td>0.117</td>
<td>0.272</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.042</td>
<td>0.107</td>
<td>0.278</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.037</td>
<td>0.095</td>
<td>0.266</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.041</td>
<td>0.097</td>
<td>0.266</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.040</td>
<td>0.088</td>
<td>0.252</td>
</tr>
<tr>
<td>Mean</td>
<td>0.051</td>
<td>0.112</td>
<td>0.262</td>
</tr>
<tr>
<td>S.D</td>
<td>0.016</td>
<td>0.022</td>
<td>0.013</td>
</tr>
</tbody>
</table>


Table 6 reveals the shareholder fund to total asset of three life insurance companies selected for the study. In case of HDFC Standard life, the shareholder fund to total asset is the highest in the year 2010-11 while the same is the lowest in the year 2014-15. Similarly, in case of TATA AIA the shareholder fund to total asset is the highest in the year 2010-11 while the same is the lowest in the year 2016-17. Likewise, in case of Sahara, the shareholder fund to total asset is the highest in the year 2013-14 while the same is the lowest in the year 2010-11. The value of mean of shareholder fund to total asset is the highest in case of Sahara life which is followed by TATA AIA and HDFC Standard. The values of standard deviation imply that the performance of Sahara life is the most consistent while the performance of TATA AIA is the least consistent out of the three companies selected for the study.
Figure 4: Shareholder Fund to Total Assets of Selected Private Life Insurance Companies

Table 7: Fixed Asset to Total Assets of Selected Life insurance companies

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC STANDARD</th>
<th>TATA AIA</th>
<th>SAHARA LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>0.009</td>
<td>0.004</td>
<td>0.005</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.008</td>
<td>0.002</td>
<td>0.004</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.007</td>
<td>0.004</td>
<td>0.004</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.006</td>
<td>0.005</td>
<td>0.008</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.006</td>
<td>0.005</td>
<td>0.008</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.005</td>
<td>0.006</td>
<td>0.007</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.004</td>
<td>0.007</td>
<td>0.007</td>
</tr>
<tr>
<td>Mean</td>
<td>0.006</td>
<td>0.005</td>
<td>0.006</td>
</tr>
<tr>
<td>S.D</td>
<td>0.002</td>
<td>0.002</td>
<td>0.002</td>
</tr>
</tbody>
</table>


Table 7 reveals the fixed asset to total asset of three life insurance companies selected for the study. In case of HDFC Standard life, the fixed asset to total asset is the highest in the year 2010-11 while the same is the lowest in the year 2016-17. Similarly, in case of TATA AIA the fixed asset to total asset is the highest in the year 2016-17 while the same is the lowest in the year 2011-12. Likewise, in case of Sahara, the fixed asset to total asset is the highest in the year 2013-14 and 2014-15 while the same is the lowest in the year 2011-12 and 2012-13. The value of mean of fixed asset to total asset is the highest in case of HDFC Standard and Sahara life which is followed by TATA AIA. The values of standard deviation imply that the performance is consistent in all the three company selected for the study.
Table 8: Current Asset to Total Assets of Selected Life insurance companies

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC STANDARD</th>
<th>TATA AIA</th>
<th>SAHARA LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>0.038</td>
<td>0.030</td>
<td>0.055</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.038</td>
<td>0.030</td>
<td>0.080</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.029</td>
<td>0.028</td>
<td>0.084</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.027</td>
<td>0.024</td>
<td>0.076</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.026</td>
<td>0.028</td>
<td>0.132</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.025</td>
<td>0.030</td>
<td>0.136</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.031</td>
<td>0.048</td>
<td>0.145</td>
</tr>
<tr>
<td>Mean</td>
<td>0.031</td>
<td>0.031</td>
<td>0.101</td>
</tr>
<tr>
<td>S.D</td>
<td>0.005</td>
<td>0.008</td>
<td>0.035</td>
</tr>
</tbody>
</table>


Table 8 reveals the Current asset to total asset of three life insurance companies selected for the study. In case of HDFC Standard life, the current asset to total asset is the highest in the year 2010-11 and 2011-12 while the same is the lowest in the year 2015-16. Similarly, in case of TATA AIA the current asset to total asset is the highest in the year 2016-17 while the same is the lowest in the year 2013-14. Likewise, in case of Sahara, the current asset to total asset is the highest in the year 2016-17 while the same is the lowest in the year 2010-11. The value of mean of current asset to total asset is the highest in case of Sahara life which is followed by TATA AIA and HDFC Standard. The values of standard deviation imply that the performance of HDFC Standard is the most consistent while the performance of Sahara life is the least consistent out of the three companies selected for the study.

Figure 6: Current Assets to Total Assets of Selected Life Insurance Companies

Table 9: Benefits Paid to Net Premium of Selected Life insurance companies

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC STANDARD</th>
<th>TATA AIA</th>
<th>SAHARA LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>0.316</td>
<td>0.179</td>
<td>0.196</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.291</td>
<td>0.278</td>
<td>0.399</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.346</td>
<td>0.719</td>
<td>0.927</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.389</td>
<td>1.164</td>
<td>1.077</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.553</td>
<td>1.600</td>
<td>1.167</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.505</td>
<td>1.187</td>
<td>0.848</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.511</td>
<td>0.806</td>
<td>0.841</td>
</tr>
<tr>
<td>Mean</td>
<td>0.416</td>
<td>0.848</td>
<td>0.779</td>
</tr>
<tr>
<td>S.D</td>
<td>0.106</td>
<td>0.512</td>
<td>0.354</td>
</tr>
</tbody>
</table>

Table 9 reveals the Benefits paid to Net premium of three life insurance companies selected for the study. In case of HDFC Standard life, the Benefits paid to Net premium is the highest in the year 2014-15 while the same is the lowest in the year 2011-12. Similarly, in case of TATA AIA the Benefits paid to Net premium is the highest in the year 2014-15 while the same is the lowest in the year 2010-11. Likewise, in case of Sahara, the Benefits paid to Net premium is the highest in the year 2014-15 while the same is the lowest in the year 2010-11. The value of mean of Benefits paid to Net premium is the highest in case of TATA AIA which is followed by Sahara Life and HDFC Standard. The values of standard deviation imply that the performance of HDFC Standard is the most consistent while the performance of TATA AIA is the least consistent out of the three companies selected for the study.

Figure 7: Benefits Paid to Net Premium of Selected Life Insurance Companies

VIII. SUMMARY OF FINDINGS

1. The average ratio of Return on Assets is the highest in case of Sahara Life which is followed by TATA AIA and HDFC Standard. The values of standard deviation imply that the performance of HDFC Standard is the most consistent while the performance of Sahara Life is the least consistent out of the three companies selected for the study.

2. The average ratio of Current Assets to Current Liabilities is the highest in case of Sahara Life which is followed by HDFC Standard and TATA AIA. The values of standard deviation imply that the performance of HDFC Standard is the most consistent while the performance of Sahara Life is the least consistent out of the three companies selected for the study.

3. The average ratio of Operating Expenses to Net Premium is the highest in case of TATA AIA which is followed by Sahara Life and HDFC Standard. The values of standard deviation imply that the performance of TATA AIA is the most consistent while the performance of Sahara Life is the least consistent out of the three companies selected for the study.

4. The average ratio of Shareholder Fund to Total Asset is the highest in case of Sahara Life which is followed by TATA AIA and HDFC Standard. The values of standard deviation imply that the performance of Sahara Life is the most consistent while the performance of TATA AIA is the least consistent out of the three companies selected for the study.

5. The average ratio of Fixed Asset to Total asset is the highest in case of HDFC Standard and Sahara Life which is followed by TATA AIA. The values of standard deviation imply that the performance is consistent in all the three company selected for the study.

6. The average ratio of Current Asset to Total Asset is the highest in case of Sahara Life which is followed by TATA AIA and HDFC Standard. The values of standard deviation imply that the performance is consistent in all the three company selected for the study.

7. The average ratio of Benefits paid to Net premium is the highest in case of TATA AIA which is followed by Sahara Life and HDFC Standard. The values of standard deviation imply that the performance of HDFC Standard is the most consistent while the performance of TATA AIA is the least consistent out of the three companies selected for the study.
IX. CONCLUSION

The study has aimed to examine the financial performance of selected private sector life insurance companies in India. Measuring the performance of insurance companies has gained the relevance because they are not only providing the mechanism of saving money and transferring risk but also helps to channel funds in an appropriate way from surplus economic units to deficit economic units so as to support the investment activities in the economy. Performance of companies can affect the economy as a whole and therefore it requires empirical analysis to judge the financial performance. For measuring the financial performance financial ratio such as profitability ratio, solvency ratio and liquidity ratio have been calculated. The study revealed that in terms of asset turnover and liquidity HDFC Standard outperforms the other two. In terms of operating efficiency, TATA AIA performs better as compared to HDFC Standard and Sahara Life. At last we also find that HDFC Standard has the most amount of its total assets blocked in fixed assets which reduces the liquidity of the company.

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