

## **DECLARATION**

I, the undersigned, Sri Mihir Ranjan Bardhan hereby declare that the research study conducted and presented in the thesis entitled “Financial Performance of Life Insurance Companies in India- An Analytical Study” under the Supervision of Dr. Nikhil Bhusan Dey (Supervisor), Professor, Department of Commerce and Dean, Mahatma Gandhi School of Economics and Commerce, Assam University and Dr. Kingshuk Adhikari (Co-Supervisor), Assistant Professor, Department of Commerce, Assam University is my original work and it has not been previously submitted for award of any degree or diploma to Assam University or any other University.

**Mihir Ranjan Bardhan**

**Date-**

**Place-**

## **PREFACE**

The opening up of life insurance sector to private and foreign life insurers has exposed Indian life insurers to new ideas and new life insurance business models of foreign countries and the formation of IRDA (Insurance Regulatory Development Authority) has given new thrust to life insurance industry. The life insurance business is now operated in almost all parts of India. At present 24 life insurance companies including one public company (LICI) are operating in India under the supervision of IRDA.

Following the liberalization, privatization and globalization of life insurance industry in India, life insurance companies might have tasted both positive and negative impacts of their business operations with respect to solvency, profitability and liquidity in this fast emerging life insurance industry in terms of population. As the life insurance companies are required to have sufficient capital and liquidity to meet the demand for payment from the policyholders and creditors, the assessment of present position of life insurance industry has become imperative.

At this situation, a study entitled “Financial Performance of Life Insurance Companies in India-An Analytical Study” has been undertaken to review the financial strengths and weaknesses of life insurance companies in India. In this study, financial ratios are used to analyze and predict the financial performance of life insurers in India.

The study has been divided into seven chapters. Chapter-1 deals with Introduction, Statement of the Problem, Conceptual Framework, Objectives of the Study, Hypotheses, Review of Literature, Data Source and Methodology, Scope, Limitations and Chapter Plan. Chapter-2 contains the overview of life insurance companies in India.

The design for the analysis of profitability has been made in Chapter-3. The analysis of solvency and liquidity of Indian life insurance companies has been worked out in Chapter-4 and Chapter-5 respectively. Chapter-6 includes overall financial performance analysis of life insurance companies in India.

Finally, Chapter-7 is designed to contain the summary of findings, suggestions, conclusions and scope for further study. This work covers the various aspects of financial performance of life insurance companies in India that may be used by students, research scholars, insurers and insurance supervisors in comprehending the various implications and developments in Indian life insurance industry.

(Mihir Ranjan Bardhan)

## ACKNOWLEDGEMENT

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My first and foremost acknowledgement goes to my supervisors, Prof. Nikhil Bhusan Dey, Dean of Mahatma Gandhi School of Economics and Commerce, Assam University and Dr. Kingshuk Adhikari, Assistant Professor, Department of Commerce, Assam University whose professional and scholarly guidance enabled me to complete the research programme successfully. Giving me the liberty to place before them all my research problems in all stages of this work even in holidays is sincerely appreciated and for which I am highly grateful to them.

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I also convey my sincere thanks to elderly persons my mother, mother in law and the parents of Dr. Kingshuk Adhikari whose continuous motivation and blessings helped me to complete this work.

Last but not least, I would like to express my innermost gratitude to my beloved wife Mrs. Runa Bardhan and my beloved daughter Miss. Malabika Bardhan for their patience, continuous inspiration, moral and unreserved best wishes and I dedicate this research work to them.

**Date:**

**(Mihir Ranjan Bardhan)**

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## LIST OF RATIOS CONSIDERED IN THIS RESEARCH WORK

Type of Ratio	SL. No	Description of the Ratio
PROFITABILITY RATIOS	1	The Ratio of Underwriting Income to Net Premium
	2	The Ratio of Total Income from Investment to Total Investment
	3	The Ratio of Operating Expenses to Net Premium
	4	The Ratio of Benefits Paid to Net Premium
	5	The Ratio of Change in Policy Liabilities to Net Premium
	6	The Ratio of Profit before Tax to Net Premium
SOLVENCY RATIOS	1	The Ratio of Total Assets to Total Liabilities
	2	The Ratio of Shareholders' Fund to Minimum Capital for Registration
	3	The Ratio of Shareholders' Fund to Technical Reserve
	4	The Ratio of Shareholders' Fund to Total Assets
	5	The Ratio of Fixed Assets to Total Assets
LIQUIDITY RATIOS	1	The Ratio of Current Assets to Current Liabilities
	2	The Ratio of Current Assets to Total Assets
	3	The Ratio of Cash and Bank Balances to Current Liabilities
	4	The Ratio of Total Liabilities to Liquid Assets