



A COMPARATIVE PERFORMANCE ANALYSIS OF HEALTH INSURANCE PROVIDERS IN PUBLIC AND PRIVATE SECTOR IN INDIA

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Abstract

The insurance industry has been considered as one of the industries that has been changing rapidly in the changing economic environment throughout the world including India. The increased pace of market competition due to liberalization and globalization, force both the public and private sector insurance companies to be competitive by cutting cost, improving their revenues and serving in a better way to their clients/customers. In today's challenging business environment, analysing the performance with respect to various parameters such as Premium received, Claims paid, etc., is one of the major and essential activities of insurance companies (both public and private sector) in general and for health insurance industry in particular in India.

This study is exploratory and analytical in nature and adopted for quantitative research approach and based on secondary data. In this study, four General/Health Insurance Companies (2 from Public Sector and 2 from Private Sector) are selected as samples based on the important performance indicators and are considered for data analysis. The period of study is 10 years starting from 2012-13 to 2021-22. Descriptive, Inferential (Independent Sample 't' test) Analysis and Ratio Analysis are carried out to analyse the data.

The study found that the performance of Public Sector General/Health Insurance Companies are performing better than Private Sector General/Health Insurance Companies during the study period. In case of Claim Settlements, the Private sector health/general insurance companies are performing better than the public sector health/general insurance companies. Overall, it is found that all the four general/health insurance companies are performing well during the study period. It is suggested that the health insurance service providers both in public and private sector should improve their focus on the claim settlements (procedures, admission of claims, time period of settlement, etc.) mechanism to their clients/policyholders. They should also improve the quality of insurance services to the maximum satisfaction of their clients at the reasonable price.

Keywords: Insurance, Health Insurance, Public Sector, Private Sector, Performance Analysis, Claim Settlement, Insurance Premium, Net Worth.

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1. Introduction

The liberalization of Indian economy accompanied in an era of competitive marketing and Covid-19 pandemic are leading to the radical changes in the entire range of products and services of any industry particularly in service sector which is accounting for approximately two-thirds of worldwide Gross National Product (GNP) right from the past couple of decades. The insurance industry has been considered as one of the industries that has been changing rapidly in the changing economic environment throughout the world including India. The increased pace of market competition due to liberalization and globalization, force both the public and private sector insurance companies to be competitive by cutting cost, improving their revenues and serving in a better way to their clients/customers. In today's challenging business environment, analysing the performance with respect to various parameters such as Premium received, Claims paid, etc., is one of the major and essential activities of insurance companies (both public and private sector) in general and for health insurance industry in particular in India.

BACKGROUND OF THE STUDY

The global economy is slowing and the risk of inflationary recession in a number of economies has increased. As per the Swiss Re Sigma research (publication no.4/2022), this economic slowdown and the high-inflation environment will weigh on insurance markets. Slowing growth typically leads to lower demand for insurance. The major impact of inflation will show in rising claims costs in non-life (general) insurance. Insurance industry in India has seen a major growth in the last decade along with an introduction of a huge number of advanced products and services. This has led to a tough competition with a positive and healthy outcome. Insurance sector in India plays a dynamic role in the wellbeing of its economy. It substantially increases the opportunities for savings amongst the individuals, safeguards their future and helps the insurance sector form a massive pool of funds. As on March 2022, there are 55 Insurance Companies in India and out of which 24 Insurance Companies are providing life-insurance services and rest of the 31 Insurance Companies are belonging to Non-life-insurance (General & Stand-alone health insurance providers) services after mergers, demerger, takeover, etc. and excluding Specialised Insurers and Reinsurer. Out of 24 Life Insurance Companies, one Life Insurance Company belongs to public Sector, namely Life Insurance Corporation of India and rest of them (23) come under private sector life insurance service providers. Out of 31 Non-life-insurance Companies, 4 belong to Public Sector and remaining 27 belong to Private Sector Non-life insurance including General & Stand-alone health insurance service

providers. The market share of Private Sector with respect to the Non-Life Insurance (65.03%) is more than the Public Sector (34.97%) as on 31st March 2022 whereas the total market share of combined Insurance (Life and Non-life Insurance) of Public Sector (55.24%) is more than the private sector (44.76%) in India. (Source: IRDAI Annual Report 2021-22) The health business reported a growth of 26.27 per cent in 2021-22 making it the largest general insurance segment in India with a market share of about 36 per cent. The general and health insurers have issued 26.57 crore policies in the year 2021-22 reporting an increase of 7.68 per cent. India's health insurance market is growing at a CAGR of 10.1% during the financial year 2021-22. The health insurance premiums have been the main driver of the non-life insurance industry since Covid-19, growing remarkably by 34.2 % in 2022 in comparison to a growth of 9.9% witnessed in year-to-date July 2021. With a recent increase in FDI limit from 49% to 74%, it is seen there is a growth in the health insurance industry of India (Source: IRDAI Annual Report 2021-22). In this competitive scenario and background, this study is conducted to study and analyse the comparative performance of select health insurance providers (General Insurance Companies) in the public and private sector in India.

STATEMENT OF PROBLEM

The demand for the Insurance services particularly health insurance services in India is continuously increasing year by year along with its population, health consciousness, rising of level of income, requirements of the consumers, etc. However, the insurance industry (particularly health insurance industry) like other industries is nowadays facing a lot of challenges and huge competitions among its rivals, increase in cost of service, introduction of modern technology, changes in the needs and preferences of consumers, changes in the policy of the government and other economic conditions. The insurance industry, specifically the functioning of health insurance is undergoing a radical shift, one driven by new competition among public and private sector, changing business models, consumers' demands, mounting regulation and compliance pressures, and disruptive technologies and forcing them to rethink and analyse their performance. In order to combat with the above challenges, the Health Insurance Companies in Public and Private Sector are in a position to monitor and evaluate their performance systematically, periodically and continuously. Assessing and evaluating the performance (inter-firm and intra-firm comparative analysis) is one of the major activities of the any type of organization and also for health insurance companies. These insurance companies have to identify their strengths and weaknesses and retain their position in the market. This periodical evaluation of the performance comparatively is

helpful to attain sustainability, profits and growth in the dynamic business environment and to get competitive advantage. The present study is an endeavour to identify, study, analyze and compare the performance of select Public and Private Sector Health Insurance (Non-life, General Insurance) service providers in Insurance Industry in India during the period of research.

SIGNIFICANCE OF THE STUDY

The current COVID-19 pandemic has made the entire world sit up and realise that medical exigencies are unpredictable and can cause a financial upheaval that is tough to handle. Health insurance ensures that undergoing long term treatment does not throw a family into dire financial straits. By paying a small amount of premium to the insurer, you can take a cover under a comprehensive health insurance plan. This will shield the savings of general public from sudden shocks of medical treatments. In this way, health insurance acts as a protective cover for both savings and healthcare so that you and your beloved family can continue to enjoy their life. With growing demand for Health Insurance, it is poised to become the largest insurance segment in the general insurance (Non-Life). Health insurance service providers will be key beneficiaries of the opening-up of economies, especially with improved trade increasing demand for healthcare of the general public. Strong growth in the healthcare industry over the next decade is expected to boost the health insurance market also. Health Insurance is a highly regulated industry, and therefore it is important for evaluating each health insurance company's relative performance, and also the industry as a whole. The Management and other stakeholders of the health insurance companies are mainly showing interest in knowing the performance and try to take necessary corrective actions if required. The future plans and insurance business activities of the health insurance companies is basically depending on the performance in the past and present years. Performance is directly connected to the overall success of the health insurance companies and the insurance industry. Assessment of several measures/performance indicators may be more helpful in directing the health insurance companies (here 2 public sector and 2 private sector general/health insurance companies) for the provision of right and appropriate solutions to the financial and non-financial problems and issues of those insurance companies.

The management of the health insurance companies (both in public and private sector) is generally responsible for taking decisions and formulating plans and policies for the future prospects of the organization. The management, therefore, always needs to identify, analyse, compare and evaluate its performance of their action in the past to realize its objectives and goal. In order to make these,

analysing the financial statements of the organization for a given period of time by employing various statistical and financial tools is necessary to the management of those health insurance companies. Therefore, studying, analyzing and comparing the performance of the health insurance service providers in the Public and private Sector would be imperative not only for their survival but also for the growth and the overall economic health of the country. Analysing the Performance of the Public and Private Sector Health Insurance Companies would help the management of those health insurance service providers, policy makers and other key stakeholders of the insurance sector to have a clear understanding of the factors that causing the performance of each health insurance company. This knowledge of understanding would be useful to the management of select health insurance companies (General Insurance companies) to formulate appropriate financial and non-financial strategies and policies thereby improve the overall performance.

REVIEW OF LITERATURE

Sumninder Kaur Bawa and Samiya Chattha (2013) in their study examined the financial performance of Indian life insurers on the basis of various parameters with the help of financial ratios and found that profitability of life insurers is positively influenced by liquidity and size and negatively related with capital. Profitability does not show any relationship with solvency and insurance leverage. Malik (2011) conducted a study to analyse the relationship of profitability and internal factors of insurance companies in Pakistan and revealed that there was no relationship of profitability with age, but significant positive relationship with size and volume of capital, and significantly negative relationship with loss ratio and leverage.

A study was conducted by Kumari (2013) to assess the performance of both public and private life insurance companies in Indian insurance industry with respect to various parameters such as No. of Insurance offices, insurance penetration and density, growth in premium income, size of insurance market, etc. The financial performance of the insurance companies was evaluated with the usage of financial ratios. The study found that there had been a significant increase in the overall business performance of Indian life insurance industry after privatization. Sandya Rani Babita Yadav et. al (2022) conducted a literature review study to examine the effectiveness of various Indian health insurance companies using four key metrics namely, Gross health premium income, Incurred claim ratio, Number of policies issued or Covered and Amount of claim paid. The study is revealed that there was a notable growth in the overall performance of the health insurance business during the COVID-19 pandemic. Padala and M. Satyavathi (2022) carried

out a study to analyse the performance of Oriental General Insurance in terms of premiums collected, claims paid, operational expenses, profit earned, and income distribution. The study found that the financial performance drops moderately as short-term debt and operational expenses rise and shown that over-investing in long-term investments can affect the future profitability of the Oriental Insurance company.

RESEARCH GAP

Although various researchers have made theoretical and empirical contributions to the study of financial performance of insurance companies, there is a lack of comparative performance analysis of public and private sector insurance companies in India. Literature also reveals that the earlier studies on evaluation of performance of insurance companies with respect to the measurement of policyholders' perception and satisfaction on life and general insurance services along with the various outcomes using primary data analysis. There are very few studies that concentrated the comparative analysis of public and private sector insurance companies with the usage of secondary data sources. There is no such comprehensive research that analysing the comparative performance of health insurance services among the various segment of general insurance with respect to public and private sector insurance companies in India. Therefore, there is a lot of scope for this present research to fill this gap and present suggestions concerning Health

insurance service providers (both public and private sector) in India which may be useful to the Indian Insurance Sector for the better performance and growth.

2. RESEARCH METHODOLOGY

The present study is exploratory and analytical in nature and adopted for quantitative research approach. The results of the study are based on the secondary data collected from Annual Reports of the respective General/Health Insurance Companies and IRDAI Reports. In this study, four General/Health Insurance Companies (2 from Public Sector and 2 from Private Sector) are selected as samples based on the important performance indicators such as Gross Direct Premium earned in the year 2021-22 and the same are considered for data analysis. Descriptive, Inferential (Independent Sample 't' test) Analysis and Ratio Analysis are carried out to analyse the data. The period of study is 10 years starting from 2012-13 to 2021-22.

DATA ANALYSIS AND RESULTS

PERFORMANCE ANALYSIS OF HEALTH/GENERAL INSURANCE SERVICE PROVIDERS IN PUBLIC SECTOR

THE NEW INDIA ASSURANCE COMPANY LIMITED

Table 1 PERFORMANCE ANALYSIS OF THE NEW INDIA ASSURANCE COMPANY LIMITED

(Rs. in Lakhs)

YE R	Net Claim Incurre d	Net Earned Premium	Total Income	Profit after Tax	Net Worth (SF)	Total Assets	Incurre d Claim Ratio (%)	Yiel d on Inv (%)	NW Rati o
2012- 13	240368	230826	113107 3	84366	773736	453755 2	104.13	14.4 6	0.17 1
2013- 14	278083	283086	133713 4	10889 8	862130	530953 1	98.23	15.1 7	0.16 2
2014- 15	346282	343341	159047 8	14312 2	972223	617196 3	100.86	15.6 8	0.15 8
2015- 16	483420	413587	176256 5	82868	982193	628800 7	116.88	14.6 1	0.15 6
2016- 17	595158	567728	208051 4	10079 3	110232 8	691728 1	104.83	15.4	0.15 9
2017- 18	613265	589698	233650 4	21892 2	158828 5	754572 1	104.00	15.3	0.21 0
2018- 19	671992	678278	254107 6	60477	163375 3	803693 8	99.07	15.5	0.20 3
2019- 20	798469	796554	281902 4	14356 7	163299 5	755213 7	100.24	16.1 7	0.21 6
2020- 21	905090	949170	307854 3	16277 5	184853 8	912398 5	95.36	13.4 9	0.20 3
2021- 22	1480950	1188827	337586 4	17792	189537 6	956761 1	124.57	12.5 4	0.19 8

Source: Computed from Secondary Data (Annual Reports)

From the above table 1, it is inferred that all the performance indicators of The New India Assurance Company Limited, increased considerably during the period of study. Net Claim Incurred are exceeding the Net earned premium and the Incurred Claim Ratios (ICR) are more than and equal to 100 percent during the study period which indicates that the total values of claims settled are greater than the total value of premiums received/earned.

This also indicated the best claim settlement ratio during the above study period. Net worth ratio is lesser than 1 in all the study period which indicates the company has sufficient assets than its financial obligations. However, the higher the net worth (solvency) ratio is usually good as it means the insurance company is usually in better long-term health than the lower net worth ratio. There is a fluctuating trend in the Profit after Tax and also Yield (Return) on Total Investment Ratio during the period of study.

UNITED INDIA INSURANCE COMPANY LIMITED

Table 2 PERFORMANCE ANALYSIS OF UNITED INDIA INSURANCE COMPANY LIMITED
(Rs. in Lakhs)

YE R	Net Claim Incurre d	Net Earned Premium	Total Income	Profit after Tax	Net Worth (SF)	Total Assets	Incurre d Claim Ratio (%)	Yiel d on Inv (%)	NW Rati o
2012- 13	215281	216384	875786	52733	49449 2	233249 0	99.49	10.6 7	0.212
2013- 14	237037	207024	959640	52760	53605 3	256744 2	114.50	11.8 8	0.209
2014- 15	344646	280674	108235 1	30057	55890 3	287267 0	122.79	9.35	0.195
2015- 16	440059	354066	124649 9	22059	57312 0	280080 4	124.29	8.85	0.205
2016- 17	613901	435144	154559 8	- 19135 3	38178 2	338178 2	141.08	8.3	0.113
2017- 18	491640	441981	154752 4	10026 6	47973 4	361844 0	111.24	7.71	0.133
2018- 19	507037	453025	166787 7	- 18779 1	28991 3	377051 6	111.92	6.46	0.077
2019- 20	513235	501246	165349 5	- 14858 5	14430 1	360027 9	102.39	6.45	0.040
2020- 21	577579	542724	162449 0	- -98468	31228 0	438641 9	106.42	6.32	0.071
2021- 22	713569	586885	166066 0	- 21355 5	20951 8	450663 8	121.59	6.32	0.046

Source: Computed from Secondary Data (Annual Reports)

From the above table 2, it is inferred that all the performance indicators of United India Insurance Company Limited, increased significantly except Profit after Tax and Yield on Investment Ratio and Net Worth Ratio during the period of study. Net Claim Incurred are exceeding the Net earned premium and the Incurred Claim Ratios (ICR) are more than 100 percent during the study period which indicates the best claim settlement ratio during the

above study period. Net worth ratio is very lesser than 0.10 in the past five years which indicates that the insurance company is not in a good position. There is a decreasing trend in the Profit after Tax and during the past six years and the insurance company incurred a loss and also considerable reduction in the Yield on Total Investment Ratio during the period of study.

OVERALL PERFORMANCE ANALYSIS OF PUBLIC SECTOR HEALTH/GENERAL

**INSURANCE SERVICE PROVIDERS IN
INDIA**

Table 3 OVERALL PERFORMANCE ANALYSIS PUBLIC SECTOR HEALTH/GENERAL INSURANCE
SERVICE PROVIDERS (Rs. in Lakhs)

YE R	Net Claim Incurre d	Net Earned Premium	Total Income	Profit after Tax	Net Worth (SF)	Total Assets	Incurr ed Claim Ratio (%)	Yiel d on Inv (%)	NW Rati o
2012- 13	455649	447210	200685 9	13709 9	126822 8	6870042	101.89	12.5 7	0.18 5
2013- 14	515120	490110	229677 4	16165 8	139818 3	7876973	105.10	13.5 3	0.17 8
2014- 15	690928	624015	267282 9	17317 9	153112 6	9044633	110.72	12.5 2	0.16 9
2015- 16	923479	767653	300906 4	10492 7	155531 3	9088811	120.30	11.7 3	0.17 1
2016- 17	1209059	1002872	362611 2	- 90560	148411 0	1029906 3	120.56	11.8 5	0.14 4
2017- 18	1104905	1031679	388402 8	31918 8	206801 9	1116416 1	107.10	11.5 1	0.18 5
2018- 19	1179029	1131303	420895 3	- 12731 4	192366 6	1180745 4	104.22	10.9 8	0.16 3
2019- 20	1311703	1297800	447251 9	-5018	177729 6	1115241 6	101.07	11.3 1	0.15 9
2020- 21	1482670	1491894	470303 3	64307	216081 8	1351040 4	99.38	9.91	0.16 0
2021- 22	2194518	1775712	503652 4	- 19576 3	210489 4	1407424 9	123.59	9.43	0.15 0

Source: Computed from Secondary Data (Annual Reports)

From the above table 3, it is inferred that all the performance indicators of select Public Sector General/Health Insurance Companies, increased significantly except Profit after Tax and Yield on Investment Ratio and Net Worth Ratio during the period of study. Net Claim Incurred are exceeding the Net earned premium and the Incurred Claim Ratios (ICR) are more than 100 percent during the study period which indicates the best claim settlement ratio during the above study period. Net worth ratios are lesser than 0.20 in the past five years

which indicates that the insurance companies are not in ideal position in this regard. There is a decreasing trend in the Profit after Tax and during the past five years and the select insurance companies incurred a loss and it is also shown that there is a considerable reduction in the Yield (Return) on Total Investment Ratio during the period of study.

**PERFORMANCE ANALYSIS OF
HEALTH/GENERAL INSURANCE SERVICE
PROVIDERS IN PRIVATE SECTOR
ICICI LOMBARD GENERAL INSURANCE
COMPANY LIMITED**

Table 4 PERFORMANCE ANALYSIS OF ICICI LOMBARD GENERAL INSURANCE COMPANY
LIMITED (Rs. in Lakhs)

YE R	Net Claim Incurre d	Net Earned Premium	Total Income	Profit after Tax	Net Worth (SF)	Total Assets	Incurr ed Claim Ratio (%)	Yiel d on Inv (%)	NW Rati o
2012- 13	90615	111665	462218	30577	17657 6	118687 0	81.15	9.00	0.149
2013- 14	107202	114872	517694	51136	23810 9	135448 8	93.32	9.00	0.176

2014-15	84428	94733	521457	53561	282333	1365639	89.12	10.0	0.207
2015-16	78047	93537	640493	50745	317565	1567580	83.44	11.0	0.203
2016-17	113011	115491	764068	70188	372529	2335086	97.85	10.0	0.160
2017-18	86485	111458	899937	86178	454116	2974966	77.59	8.0	0.153
2018-19	128369	151064	1093962	104926	532047	3340262	84.98	9.00	0.159
2019-20	142345	170188	1128993	119376	613403	3704209	83.64	8.00	0.166
2020-21	186377	208082	1283236	147305	743515	3929783	89.57	8.00	0.189
2021-22	289061	284438	1658739	127101	910965	5084831	101.63	9.00	0.179

Source: Computed from Secondary Data (Annual Reports)

From the above table 4, it is inferred that all the performance indicators of ICICI Lombard General Insurance Company Limited, increased considerably except Yield on Investment Ratio during the period of study. The Incurred Claim Ratios (ICR) are more than 80 percent during the study period which indicates the good claim settlement ratio during the above study period. Net worth ratio is lesser than 1 in all the study period

which indicates the insurance company has more assets than its shareholders' funds. However, the higher the Net worth (solvency) ratio (around 30%) is usually good and is expected. There is a fluctuating trend in the Profit after Tax and also Yield (Return) on Total Investment Ratio during the period of study.

STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

Table 5 PERFORMANCE ANALYSIS OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED (Rs. in Lakhs)

YE A R	Net Claim Incurred	Net Earned Premium	Total Income	Profit after Tax	Net Worth (SF)	Total Assets	Incurred Claim Ratio (%)	Yield on Inv (%)	NW Ratio
2012-13	315	496	62846	-12562	27329	74959	63.54	7.53	0.365
2013-14	43173	63579	88604	-9332	18958	85778	67.91	8.86	0.221
2014-15	64146	99678	129581	-14004	14185	109578	64.35	8.86	0.129
2015-16	79943	152270	160308	13658	36010	137211	52.50	8.48	0.262
2016-17	113610	185377	234556	11794	78944	221261	61.29	8.68	0.357
2017-18	165257	265699	328480	17015	95959	334717	62.20	8.36	0.287
2018-19	224926	357303	424401	18342	148051	473282	62.95	7.54	0.313
2019-20	303549	459080	540909	26330	188880	599350	66.12	7.55	0.315
2020-21	434879	455760	742995	-108571	348434	1050098	95.42	7.13	0.332
2021-22	846067	969195	1128905	-104067	451338	1351363	87.30	8.25	0.334

Source: Computed from Secondary Data (Annual Reports)

From the above table 5, it is inferred that all the performance indicators of Star Health and Allied Insurance Company Limited, increased considerably during the period of study. The Incurred Claim Ratios (ICR) are 60 to 95 percent during the study period which indicates the somewhat good claim settlement ratio during the above study period. Net worth ratio is lesser than 1 in all the study period which indicates the insurance

company has more assets than its shareholders' funds. There is a decreasing trend in the Profit after Tax and the insurance company incurred a loss in the some of the years. The Yield (Return) on Total Investment Ratio is constant during the period of study.

OVERALL PERFORMANCE ANALYSIS OF PRIVATE SECTOR HEALTH/GENERAL INSURANCE SERVICE PROVIDERS IN INDIA

Table 6 OVERALL PERFORMANCE ANALYSIS PRIVATE SECTOR HEALTH/GENERAL INSURANCE SERVICE PROVIDER (Rs. in Lakhs)

YE R	Net Claim Incurre d	Net Earned Premium	Total Income	Profit after Tax	Net Worth (SF)	Total Assets	Incurre d Claim Ratio (%)	Yiel d on Inv (%)	NW Rati o
2012- 13	90930	112161	525064	18015	203905	126182 9	81.07	8.27	0.16 2
2013- 14	150375	178451	606298	41804	257067	144026 6	84.27	8.93	0.17 8
2014- 15	148574	194411	651038	39557	296518	147521 7	76.42	9.43	0.20 1
2015- 16	157990	245808	800801	64403	353575	170479 1	64.27	9.74	0.20 7
2016- 17	226621	300868	998624	81982	451473	255634 7	75.32	9.34	0.17 7
2017- 18	251742	377157	122841 7	10319 3	550075	330968 3	66.75	8.18	0.16 6
2018- 19	353295	508367	151836 3	12326 8	680098	381354 4	69.50	8.27	0.17 8
2019- 20	445894	629269	166990 2	14570 6	802283	430355 9	70.86	7.78	0.18 6
2020- 21	621256	663842	202623 1	38734	109194 9	497988 1	93.58	7.57	0.21 9
2021- 22	1135127	1253633	278764 4	23034	136230 3	643619 4	90.55	8.63	0.21 2

Source: Computed from Secondary Data (Annual Reports)

From the above table 6, it is inferred that all the performance indicators of select Private Sector General/Health Insurance Companies, increased significantly except Profit after Tax and Yield on Investment Ratio during the period of study. Net Claim Incurred are lesser than the Net earned premium and the Incurred Claim Ratios (ICR) are 65 to 93 percent during the study period which indicates the good claim settlement ratio during the above study period. Net worth ratios are lesser than 0.30 in the study period which indicates that the insurance companies are not in ideal position in this regard. There is a decreasing trend in the Profit after Tax and during the past two years and it is also shown that there is a constant trend in the Yield (Return) on Total Investment Ratio during the period of study.

COMPARATIVE PERFORMANCE ANALYSIS OF PUBLIC AND PRIVATE SECTOR HEALTH/GENERAL INSURANCE SERVICE PROVIDERS IN INDIA

H₀: There is no significant difference between the Public Sector General/Health Insurance Companies and the Private Sector General/Health Insurance Companies with respect to the various Performance Indicators.

An independent-samples t-test was conducted to compare the difference between the Public Sector General/Health Insurance Companies and the Private Sector General/Health Insurance Companies with respect to the various Performance Indicators.

Table 7 GENERAL/HEALTH INSURANCE SECTOR – COMPARATIVE

PERFORMANCE ANALYSIS

PERFORMANCE INDICATORS	PUBLIC SECTOR		PRIVATE SECTOR		't' Value	'p' Value
	Mean	SD	Mean	SD		
Net Claim Incurred	1106706	512370	358180	317599	3.927	0.001**
Net Earned Premium	1006025	436039	446397	341468	3.195	0.005**
Total Income	3591669	1050841	1281238	727975	5.715	0.000**
Profit after Tax	54170	158240	67970	43984	-0.266	0.793
Net Worth (Sh. Funds)	1727165	322134	604925	383273	7.088	0.000**
Total Assets	10488821	2324256	3128131	1753522	7.995	0.000**
Incurred Claim Ratio	109.39	8.964	77.25	9.952	7.586	0.000**
Yield on Total Investment	11.53	1.228	8.61	.72812	6.465	0.000**
Net Worth Ratio	0.17	.0138	0.19	.01985	-2.898	0.010*

Source: Secondary Data (1% and *5% Level of Significance)**

As the P values are lesser than Sig. Value (0.01 and 0.05) in the 8 out of 9 performance indicator Scores, the Null Hypotheses are rejected. The hypothesis is accepted in case of Profit after Tax, as the P value is more than 0.05. Based on the mean scores of the Performance Indicators, we can say that the mean scores of Public Sector General/Health Insurance Companies are more in case of Net Claims Incurred, Net Earned Premium, Total Income, Net Worth, Total Assets, Incurred Claim Ratio and Yield on Total Investments than the mean scores of Private Sector General/Health Insurance Companies during the period of study. In case of Net worth ratio, the private sector General/Health Insurance Companies are in little better position than their counter-part. However, there is no significant difference in the Profit after Tax between Public and Private Sector General/Health Insurance Companies during the period of study. Overall, based on the above analysis, it can be inferred that the Public Sector

General/Health Insurance Companies are performing better than Private Sector General/Health Insurance Companies during the period of study. Hence, there is a significant difference between the Public Sector General/Health Insurance Companies and the Private Sector General/Health Insurance Companies with respect to the various Performance Indicators.

CLAIM SETTLEMENT RATIO (ICR) FOR THE YEAR 2021-22

The Claim Settlement Ratio (CSR) indicates the ratio of claims paid in a particular financial year in comparison to claims applied by policyholders and it is the overall risk management ability of the insurance company during the particular period. A higher CSR indicates that the insurance company is more likely to settle the claim as and when it arises and indicates the claim settling ability of the insurance company. The Claim Settlement Ratio (ICR) of the select Public and Private Sector Health Insurance Companies during 2021-21 is presented in the following table 8.

Table 8 CLAIM SETTLEMENT RATIO (CSR) DURING 2021-22

S. No.	NAME OF THE GENERAL/ HEALTH INSURANCE COMPANY	Within 3 Months
I.	PUBLIC SECTOR	
1.	New India Assurance Company Limited	92.93%
2.	United India Insurance Company Limited	97.25%
II.	PRIVATE SECTOR	
3.	ICICI Lombard General Insurance Company Limited	97.07%
4.	Star Health and General Insurance Company Limited	99.06%

Source: Secondary Data, IRDAI Annual Report 2021-22

(CSR = Total claims settled / Total claims filed/applied x 100)

From the above table 8, it is inferred that the Private sector health/general insurance companies are performing better in case of Claim Settlements than

the Public sector health/general insurance companies during the year 2021-22.

SUMMARY OF FINDINGS AND SUGGESTIONS

Based on the results with respect to various performance indicators of general/health insurance companies, the study found that United India Insurance Company Limited is performing better than New India Assurance Company Limited and the performance of Star Health and General Insurance Company Limited is somewhat better than ICICI Lombard General Insurance Company Limited. It is also found that the performance of Public Sector General/Health Insurance Companies are performing better than Private Sector General/Health Insurance Companies during the study period. In case of Claim Settlements, the Private sector health/general insurance companies are performing better than the Public sector health/general insurance companies. The impact of Covid-19 may be the reason for decrease in profitability and loss incurred in the past two years. Overall, it is found that all the four general/health insurance companies are performing well during the study period.

It is suggested that the health insurance service providers both in public and private sector should improve their focus on the claim settlements (procedures, admission of claims, time period of settlement, etc.) mechanism to their clients/policyholders. Particularly, the private sector general/health insurance companies should improve their position with respect to Incurred Claim Ratio and Claim Settlement Ratio. They should also improve the quality of insurance services to the maximum satisfaction of their clients at the reasonable price.

3. CONCLUSION

The health insurance segment contributes considerable portion (30% to 40%) of general insurance and general insurance contributes (56%) of total insurance market in the world. This indicates the importance of general/health insurance category in the overall insurance industry. The study concluded that the performance of public sector is better than private sector with respect to health/general insurance services based on the data. The study has taken only secondary data and the study is also limited to the performance of two health/general insurance companies in public and private sector in India. Hence, it is directed to future researchers to take more number of health/general insurance companies for comparison purposes and consider more performance indicators to analyse the

same. Analysing the performance through customers' point of view through the primary data is also recommended. It is expected that the health/general insurance industry would provide excellent services at reasonable cost and time.

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