STUDY ON PREMIUM AND CLAIMS OF SELECTED GENERAL INSURANCE COMPANIES IN INDIA

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ABSTRACT: Since privatization of the insurance sector in 2000, the industry has seen immense growth. Out of the 28 General Insurance companies in India, four of them fall under the public sector while the remaining lie in the private sector. The public sector insurance companies have been witnessing heavy and strong competition since the private sector has come into existence as they have brought in a wider range of products and services. This study aims at evaluating the performance of public sector and private sector insurance companies in India over the past decade using Premium and Claims as variables.

Keywords – Competition, General Insurance, Premium, Claims

I.INTRODUCTION

The Insurance sector in India has shown a drastic growth trend over the time period and has been influenced greatly by other countries, especially by England. The Life Insurance Corporation had controlled the market until the latter part of 90s when the Insurance segment was privatized in the year 2000. Before Privatization the industry contained of only 2 national firms: "Life Insurance Corporation and General Insurance Corporation." It was in December 2000 that the four offshoots of GIC were separated and setup as independent firms: "Oriental Insurance Company Limited, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company Limited."

II.REVIEW OF LITERATURE

Tanveer Ahmad Darzi (2009) in the research paper, "Financial Performance of Insurance Industry in Post liberalization era in India" made a comparison of public and private general insurance companies' performance using statistical analysis. The motive behind the paper was to discover the influence of privatization of the insurance sector in 2000 on the monetary performance of overall industry. The paper also examines the effect of liberalization on the security of the private and public companies.

T. Chandrashekhara and Dr. K.S. Sarala (2017) in their research paper "An Evaluation of Performance of Selected General Insurance Companies in India" calculated the performance using claims and premium as variables of four public and six private companies. The analysis was done on the data collected for the last 10 years of the companies through IRDA annual report. The study finds out that the public companies need to prepare for the tough competition by the private companies by accepting new and different strategies. The paper also suggests that the function and power of the regulator and insurance companies need to be recognised by IRDA

Dr. Nalini PraveThripathy (2007) in his research paper "Indian Insurance Industry-The Paradigm Shift" stated that the economy of India has been in evolution for over 2 decades because of the introduction of strong economic reforms affecting all sectors. Indian insurance business being one of the most important one amongst the sectors. The paper also talks about General insurance industry dealing with exposure of risks to goods and property.

Basir Ahmad Joo in his research paper, "Analysis of financial Stability of Indian Non-Life Insurance companies stated that the Indian insurance market was assaulted by the presence of MNC post privatization of the insurance sector in the year 2000 which has both threats and opportunities for the existing public companies. The paper highlights the relationship between claim ratio and firm size on the solvency position of the company. The research tool used for the process of analysis was multiple regression analysis.

Rajesh K. Yadav and Sarvesh Mohania in their research paper, " Impact of F.D.I. on Life insurance sector in India" stated that how FDI movement in the Indian insurance sector increase the overall performance of the sector. It also talks about the outflow of money (Indian Currency) which the RBI and IRDA need to keep check on. The data for the analysis have been collected from the annual report of IRDA.

III.RESEARCH DESIGN

> **Statement of the Problem**
>
> At present there are 28 General Insurance Companies working in India as a result there is huge competition in the market. Due to Privatization in the year 2000, Public sector companies have changed their business strategies in power with the market trend and introduced variety of product. The current study is a try to evaluate the performance shown by both the sectors over the last decade.

> **Objective of Study**
> - To assess and compare performances portrayed by private and public sector on selected variables.
> - To study the premium of selected companies
> - To study the claims of selected companies

> **Research Methodology -** This study is primarily based on secondary data collected from the annual report of IRDA, Research journals and other periodical of insurance over the last 10 years.

> **Scope of the Study -** For the current study 2 prominent and oldest companies from private and public sector are considered. The following companies have been selected for this study:

1. New India Assurance
2. Oriental Insurance
3. Bajaj Allianz
4. ICICI Lombard

- Study is based on the selected variables as follows:
    i. Net Earned premium
    ii. Claim Settlement and Net incurred claim

➢ **Limitation of the Study**
  - Study is based only on secondary data.
  - Only 2 companies from private sector are considered out of 24 private companies.
  - Study is based on selected variables.

➢ **Tools for Data Analysis**
    I. Correlation
    II. Regression
    III. Trend Analysis

DATA ANALYSIS AND INTERPRETATION

REGRESSION ANALYSIS

To find out the regression of the companies, Net incurred claims and Net earned premiums of have been taken into consideration.

New India Assurance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11787.084	34699.407		.340	.743
	PREMIUM	.873	.033	.994	26.621	.000*
a. Dependent Variable: CLAIMS, *Significant at 5% level						

REGRESSION OUTPUT

Interpretation - for every unit rise in Premium collection, one would anticipate about on an average of 0.873 times increase in the Claim pay-out.

Oriental Insurance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-51392.996	70509.021		-.729	.487
	PREMIUM	1.014	.129	.941	7.856	.000*
a. Dependent Variable: CLAIMS, *Significant at 5% level						

REGRESSION OUTPUT

Interpretation - for every unit rise in Premium collection, one would anticipate about on an average of 1.014 times increase in the Claim expenditure.

Bajaj Allianz

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7479.934	6681.511		1.119	.295
	PREMIUM	.701	.021	.996	32.758	.000*
a. Dependent Variable: CLAIMS, *Significant at 5% level						

REGRESSION OUTPUT

Interpretation - for every unit rise in Premium collection, one would anticipate about on an average of .701 times increase in the Claim pay-out.

ICICI Lombard

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		

REGRESSION OUTPUT

1	(Constant)	26244.470	22258.728		1.179	.272
	PREMIUM	.781	.058	.978	13.410	.000*
a. Dependent Variable: CLAIMS, *Significant at 5% level						

Interpretation - for one unit rise in Premium collection, one would anticipate about on an average of .781 times increase in the Claim pay-out.

CORRELATION ANALYSIS

To find out the regression of the companies, Net incurred claims and Net earned premiums of have been taken into consideration.

New India Assurance

		PREMIUM	CLAIMS
PREMIUM	Pearson Correlation	1	.994**
	Sig. (2-tailed)		.000
	N	10	10
CLAIMS	Pearson Correlation	.994**	1
	Sig. (2-tailed)	.000	
	N	10	10
**. Correlation is significant at the 0.01 level (2-tailed).			

R = 0.9944. There is a strong positive correlation, which means that high Net Incurred Claims variable scores go with high Net Earned Claims variable scores and vice versa.

Oriental Insurance

		PREMIUM	CLAIMS
PREMIUM	Pearson Correlation	1	.941**
	Sig. (2-tailed)		.000
	N	10	10
CLAIMS	Pearson Correlation	.941**	1
	Sig. (2-tailed)	.000	
	N	10	10
**. Correlation is significant at the 0.01 level (2-tailed).			

R = 0.941. There is a strong positive correlation, which means that high Net Incurred Claims variable scores go with high Net Earned Claims variable scores and vice versa.

Bajaj Allianz

		PREMIUM	CLAIMS
PREMIUM	Pearson Correlation	1	.996**
	Sig. (2-tailed)		.000
	N	10	10
CLAIMS	Pearson Correlation	.996**	1
	Sig. (2-tailed)	.000	
	N	10	10
**. Correlation is significant at the 0.01 level (2-tailed).			

R = 0.996. There is a strong positive correlation, which means that high Net Incurred Claims variable scores go with high Net Earned Claims variable scores and vice versa.

ICICI Lombard

		PREMIUM	CLAIMS
PREMIUM	Pearson Correlation	1	.978**
	Sig. (2-tailed)		.000
	N	10	10
CLAIMS	Pearson Correlation	.978**	1
	Sig. (2-tailed)	.000	
	N	10	10
**. Correlation is significant at the 0.01 level (2-tailed).			

R's value is 0.978. This is a strong positive correlation, which means that high Net Incurred Claims variable scores go with high Net Earned Claims variable scores and vice versa.

TREND ANALYSIS
NET INCURRED CLAIMS

Trend Analysis of Net Incurred Claims of NEW INDIA ASSURANCE

YEAR	CLAIMS (in lakhs)	Y-O-Y GROWTH (%)
2007-08	417748	0
2008-09	467187	11.83
2009-10	513245	9.86
2010-11	652487	27.13
2011-12	708753	8.62
2012-13	814307	14.89
2013-14	938095	15.20
2014-15	1118804	19.26
2015-16	1314119	17.46
2016-17	1625692	23.71
ANNUAL AVG DISBURSEMENT RATE	16.44	

Data Source: IRDA Annual Reports 2007-08 to 2016-17

New India Assurance had an increase in the claim disbursement was observed over the duration 2007-08 to 2016-17. The annual average disbursement rate of the company showed a growth of 16.44% which is observed in Net Incurred claims disbursement of the New India Assurance in single decade interval period.

Trend Analysis of Net Incurred Claims of ORIENTAL INSURANCE

YEAR	CLAIMS (in lakhs)	Y-O-Y GROWTH (%)
2007-08	260222	0
2008-09	305719	17.48
2009-10	326018	6.64
2010-11	406536	24.70
2011-12	446483	9.83
2012-13	439285	-1.61
2013-14	511102	16.35
2014-15	526150	2.94
2015-16	587959	11.75
2016-17	939809	59.84
ANNUAL AVG DISBURSEMENT RATE	16.43	

Data Source: IRDA Annual Reports 2007-08 to2016-17

Oriental Insurance had an increase in the claim disbursement was observed over the duration 2007-08 to 2016-17. The annual average disbursement rate of the company showed a growth of 16.43% which is observed in Net Incurred claims disbursement of the Oriental Insurance in single decade interval period.

Trend Analysis of Net Incurred Claims of BAJAJ ALLIANZ

YEAR	CLAIMS (in lakhs)	Y-O-Y GROWTH (%)
2007-08	94570	0
2008-09	135992	43.80
2009-10	138657	1.96
2010-11	170127	22.70
2011-12	190795	12.15
2012-13	211814	11.02
2013-14	252528	19.22

2014-15	275599	9.14
2015-16	305386	10.81
2016-17	347629	13.83
ANNUAL AVG DISBURSEMENT RATE	**16.10**	

Data Source: IRDA Annual Reports 2007-08 to 2016-17

Bajaj Allianz had an increase in the claim disbursement was observed over the duration 2007-08 to 2016-17. The annual average disbursement rate of the company showed a growth of 16.10% which is observed in Net Incurred claims disbursement of the Bajaj Allianz in single decade interval period.

Trend Analysis of Net Incurred Claims of ICICI LOMBARD

YEAR	CLAIMS (in lakhs)	Y-O-Y GROWTH (%)
2007-08	122832	0
2008-09	168454	37.14
2009-10	194838	15.66
2010-11	273064	40.15
2011-12	360091	31.87
2012-13	338062	-6.12
2013-14	361891	7.05
2014-15	344344	-4.85
2015-16	392821	14.08
2016-17	495433	26.12
ANNUAL AVG DISBURSEMENT RATE	**17.90**	

Data Source: IRDA Annual Reports 2007-08 to 2016-17

ICICI Lombard had an increase in the claim disbursement was observed over the duration 2007-08 to 2016-17. The annual average disbursement rate of the company showed a growth of 17.90% which is highest amongst the other three companies observed in Net Incurred claims disbursement of the ICICI Lombard in single decade interval period.

NET EARNED PREMIUM

Trend Analysis of Net Earned Premium of NEW INDIA ASSURANCE

YEAR	PREMIUM (IN LAKHS)	Y-O-Y GROWTH (%)
2007-08	481143	0
2008-09	524930	9.10
2009-10	571086	8.79
2010-11	647332	13.35
2011-12	787459	21.65
2012-13	945064	20.01
2013-14	1119687	18.48
2014-15	1331529	18.92
2015-16	1495983	12.35
2016-17	1781479	19.08
ANNUAL AVG GROWTH RATE	**15.75**	

Data Source: IRDA Annual Reports 2007-08 to 2016-17

An increase in total premium receipt of New India Assurance was again observed during 2007-08 to 2016-17. A linear trend in the premium receipt is observed during the 10 years. The highest growth percentage of 21.65% was observed in the year 2011-12 and 20.01% was

observed in 2012-13. The annual average growth rate of 15.75% observed in total premium receipts of the New India Assurance in single decade interval period.

Trend Analysis of Net Earned Premium of ORIENTAL INSURANCE

YEAR	PREMIUM (IN LAKHS)	Y-O-Y GROWTH (%)
2007-08	287623	0
2008-09	306680	6.63
2009-10	359083	17.09
2010-11	431490	20.16
2011-12	489306	13.40
2012-13	538711	10.10
2013-14	595397	10.52
2014-15	642517	7.91
2015-16	702390	9.32
2016-17	838326	19.35
ANNUAL AVG GROWTH RATE	12.72	

Data Source: IRDA Annual Reports 2007-08 to2016-17

An increase in total premium receipt of Oriental Insurance was again observed during 2007-08 to 2016-17. A linear trend in the premium receipt is observed during the 10 years. The highest growth percentage of 20.16% was observed in the year 2010-11 and 19.35% was observed in 2016-17. The annual average growth rate of 15.75% is observed in total premium receipts of the Oriental Insurance in single decade interval period.

Trend Analysis of Net Earned Premium of BAJAJ ALLIANZ

YEAR	PREMIUM (IN LAKHS)	Y-O-Y GROWTH (%)
2007-08	141544	0
2008-09	189127	33.62
2009-10	188420	-0.37
2010-11	214965	14.09
2011-12	247468	15.12
2012-13	292433	18.17
2013-14	349306	19.45
2014-15	383190	9.70
2015-16	422365	10.22
2016-17	493705	16.89
ANNUAL AVG GROWTH RATE	15.21	

Data Source: IRDA Annual Reports 2007-08 to 2016-17

An increase in total premium receipt of Bajaj Allianz was again observed during 2007-08 to 2016-17. A linear trend in the premium receipt is observed during the 10 years. The highest growth percentage of 33.62% was observed in the year 2010-11 and also the company observed negative growth of 0.37% in the year 2009-10. The annual average growth rate of 15.21% is observed in total premium receipts of the Bajaj Allianz in single decade interval period.

Trend Analysis of Net Earned Premium of ICICI LOMBARD

YEAR	PREMIUM (IN LAKHS)	Y-O-Y GROWTH (%)
2007-08	156718	0
2008-09	197365	25.94
2009-10	219282	11.10
2010-11	285616	30.25
2011-12	354900	24.26
2012-13	400925	12.97
2013-14	435291	8.57

2014-15	423533	-2.70
2015-16	482162	13.84
2016-17	616360	27.83
ANNUAL AVG GROWTH RATE	**16.90**	

Data Source: IRDA Annual Reports 2007-08 to 2016-17

An increase in total premium receipt of ICICI Lombard was observed during 2007-08 to 2016-17. A linear trend in the premium receipt is observed during the 10 years. The highest growth percentage of 30.25% was observed in the year 2010-11 and negative growth of -2.70% was observed in 2014-15. The annual average growth rate of 16.90% observed in total premium receipts of the ICICI Lombard in single decade interval period.

SUMMARY OF FINDING

- Correlation between Net Earned Premium and Net Incurred Claims shows that there is a strong positive correlation, which means that high Net Incurred Claims variable scores go with high Net Earned Claims variable scores and vice versa.
- When comparing the premium with claim by using Regression Analysis:
  New India Assurance = 1 quantity of premium =0.87 to claim
  Oriental Insurance = 1 quantity of premium =1.014 to claim
  Bajaj Allianz = 1 quantity of premium =0.70 to claim
  ICICI Lombard = 1 quantity of premium =0.781 to claim
- The average growth of premium of 2 public companies are 14.235%.
- The average growth of premium of 2 private companies are 16.055%.
- The trend shows highest premium growth 30.25% of ICICI Lombard during the year 2010-11.
- The trends also shows lowest premium growth -2.70% of ICICI Lombard during the year 2012-13.
- The average growth of claims of 2 public companies are 16.44%
- The average growth of claims of 2 private companies are 17%.
- The trend shows highest claim growth 59% of oriental Insurance during the year 2016-17.
- The trends also shows lowest claim growth -6.12% of ICICI Lombard during the year 2014-15.

CONCLUSION

To conclude, the overall performance of the private companies have been better than the public companies. This could be possibly due to new strategies adopted by the private companies along with attracting customers by offering new products. Also, the service in terms of grievance settlement has been better by the private companies. Public companies need to gear up and improve themselves in terms of offering new product and providing better customer service. The General Insurance sector of India's future looks bright. The country certainly has positive demographics and an investment friendly government that is continuously striving to form policies that attract investment and practices that allow businesses to grow in the healthiest way possible.

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