SUMMARY OF FINDINGS AND SUGGESTIONS

This chapter exclusively deals with the findings of the research study. The findings are summarized in to

1. Findings with reference to Liquidity Position of Public and Private Life Insurance Companies in India

2. Findings with reference to Solvency Position of Public and Private Life Insurance Companies in India

3. Findings with reference to Profitability Position of Public and Private Life Insurance Companies in India

4. Findings with reference to Turnover of Public and Private Life Insurance Companies in India

5. Findings with reference to Hypotheses testing

5.1 Findings with reference to liquidity Position of Public and Private Life Insurance Companies in India

Horizontal Analysis

- Kotak Mahindra’s Coefficient of Variance is least which expresses that Kotak Mahindra is more consistent in terms of Current Assets fluctuation year on year compared to other Private life Insurance companies and LIC.

- HDFC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Current Liabilities fluctuation compared to other Private life Insurance companies and LIC.

Vertical Analysis

- Kotak Mahindra’s Coefficient of Variance is least which expresses that it is more consistent in terms of Current Assets fluctuation year on year compared to other Private life Insurance companies and LIC.

- HDFC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Current Liabilities fluctuation compared to other Private life Insurance companies and LIC.
Trend Analysis

- LIC’s Coefficient of Variance is least which expresses that LIC is more consistent in terms of Current Assets fluctuation year on year compared to other Private life Insurance companies and LIC.

- LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Current Liabilities fluctuation compared to other Private life Insurance companies and LIC.

Ratio Analysis

- LIC is having the highest mean score of 3.90% compared to other private life insurance companies which shows LIC’s Current Ratio is more compared to other companies.

- ICICI is having the least Coefficient of Variance which expresses that it is more consistent in terms of Current Ratio compared to other Private Life Insurance companies and LIC.

- LIC is having highest mean score of 1.75% compared to other private life insurance companies which shows LIC’s Cash Ratio is less compared to other companies.

- Birla Sunlife is having the least Coefficient of Variance of 22.11% which expresses that it is more consistent in terms of Cash Ratio compared to other Private Life Insurance companies and LIC.

- Exide life Insurance is having least mean score of 0.05% compared to other private life insurance companies which shows LIC’s Net working Capital Ratio is less compared to other companies.

- LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Net Working Capital Ratio compared to other Private Life Insurance companies.
CARAMEL

- LIC is having the highest mean score of 3.90% compared to other private life insurance companies which shows LIC’s Current Ratio is more compared to other companies.

- ICICI is having the least Coefficient of Variance which expresses that it is more consistent in terms of Current Ratio compared to other Private Life Insurance companies and LIC.

IRDA

- LIC is having least mean score of 0.07% compared to other private life insurance companies which shows LIC’s Commission Ratio is less compared to other companies. LIC is having the least Coefficient of Variance of 15.26% which expresses that it is more consistent in terms of policyholders Liabilities compared to other Private Life Insurance companies.

5.2 Findings with reference to Solvency Position of Public and Private Life Insurance Companies in India

Horizontal Analysis

- LIC is having less mean score compared to other private life insurance companies which proves that the fluctuations in Investments of LIC

- Coefficient of Variance is also least which expresses that LIC is more consistent in terms of Investment compared to other Private life Insurance companies.

- LIC is having least mean score of 9.76% compared to other private life insurance companies which shows LIC investment in Fixed assets are less.

- SBI is having the least Coefficient of Variance which expresses that SBI is more consistent in terms of Fixed Assets compared to other Private life Insurance companies and LIC.

- LIC is having least mean score of 17.10% compared to other private life insurance companies which shows LIC’s Policy holders liabilities is less compared to other companies.
• LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of policyholders Liabilities compared to other Private Life Insurance companies.

• LIC is having least mean score of 18.45% compared to other private life insurance companies which shows fluctuation in Capital & Reserves is less for LIC compared to other companies.

• LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Capital & Reserves compared to other Private Life Insurance companies.

Vertical Analysis:-

• LIC is having highest mean score of 92.05% compared to other private life insurance companies which shows LIC’s Investment is more compared to other companies.

• LIC is having the least Coefficient of Variance of 1.91 which expresses that it is more consistent in terms of investment compared to other Private life Insurance companies.

• LIC is having least mean score of 0.30% compared to other private life insurance companies which shows LIC’s investment in Fixed Assets is less compared to other companies.

• LIC is having the least Coefficient of Variance of 31.29 which expresses that it is more consistent in terms of fixed assets compared to other Private life Insurance companies.

• LIC and Birla Sunlife are having least mean score of 0.0006% compared to other private life insurance companies which shows LIC and Birla Sunlife companies Policy holders liabilities is less compared to other companies.

• TATA AIA is having the least Coefficient of Variance of 17.54% which expresses that it is more consistent in terms of policyholders Liabilities compared to other Private Life Insurance companies and LIC.
LIC is having least mean score of 17.10% compared to other private life insurance companies which shows LIC’s Policy holders liabilities is less compared to other companies.

LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of policyholders Liabilities compared to other Private life Insurance companies.

Trend Analysis

LIC is having least mean score of 574.50% compared to other private life insurance companies which shows LIC’s growth trend is less in terms of Investment compared to other companies.

LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Investment compared to other Private life Insurance companies.

LIC is having least mean score of 247.81% compared to other private life insurance companies which shows LIC’s Fixed Assets is less compared to other companies.

Birla Sunlife is having the least Coefficient of Variance which expresses that it is more consistent in terms of fixed Assets compared to other Private Life Insurance companies and LIC.

LIC is having least mean score of 653.11 compared to private life insurance companies which shows LIC’s Capital & Reserves is less compared to Private Life Insurance companies.

LIC is having the least Coefficient of Variance which expresses that it is more consistent in Terms of Capital & Reserves of 51.80% compared to Private Life Insurance companies.

The LIC is having least mean score of 465.66% compared to Private life insurance companies which shows LIC’s policy holders liability is less compared to private life insurance companies.

LIC is having the least Coefficient of Variance of 64.79% which shows it is more consistent in terms of policy holders liability.
Ratio Analysis

- The mean scores of Debt Ratio of Eight companies are negative Values i.e. Bajaj, HDFC, ICICI, Kotak Mahindra, Max life, PNB MetLife, Reliance and TATA AIA and four companies Birla, Exide, SBI and LIC are having mean score Varies from 0.80 to 20.52

- The LIC is having least mean score of 0.80% compared to other private life insurance companies which shows LIC’s Debt Ratio is less compared to other companies.

- Exide life is having the least Coefficient of Variance which expresses that it is more consistent in terms of Debt Ratio compared to other Private Life Insurance companies and LIC.

- LIC is having least mean score of 0.03% compared to other private life insurance companies which shows LIC’s Debt Equity Ratio is less compared to other companies.

- Exide life Insurance is having the least Coefficient of Variance of 57.40% which expresses that it is more consistent in terms of Debt Equity Ratio compared to other Private Life Insurance companies and LIC.

- The PNB Metlife is having least mean score of 0.001% compared other private life insurance companies which shows LIC’s Capital Employed to Networth is less compared to other companies.

- Kotak Mahindra is having the least Coefficient of Variance which expresses that it is more consistent in terms of Capital Employed to Networth compared to other Private Life Insurance companies

CARAMEL

- The LIC is having highest mean score of 0.997% compared to other private life insurance companies which shows LIC’s Retention Ratio is more compared to other companies.

- Max life is having the least Coefficient of Variance of 0.443% which expresses that it is more consistent in terms of Retention Ratio compared to other Private Life insurance companies.
- LIC is having least mean score 0.08% compared to other private life insurance companies which shows LIC’s Management soundness is less compared to other companies.

- LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Management Soundness compared to other Private Life Insurance companies.

IRDA

- The LIC is having highest mean score of 0.997% compared to other private life insurance companies which shows LIC’s Retention Ratio is more compared to other companies.

- Max life is having the least Coefficient of Variance of 0.443% which expresses that it is more consistent in terms of Retention Ratio compared to other Private Life Insurance companies.

- The LIC is having highest mean score of 2463.41% compared to other private life insurance companies which shows LIC’s Policy holders liabilities to shareholders fund is more compared to other companies.

- LIC is having the least Coefficient of Variance of 18% which expresses that it is more consistent in terms of policyholders Liabilities to shareholders fund compared to other Private Life Insurance Companies.

- The LIC is having highest mean score of 256.46% compared to other private life insurance companies which shows LIC’s growth ratio of shareholders is more compared to other companies.

- Kotak Mahindra is having the least Coefficient of Variance which expresses that it is more consistent in terms of growth ratio of shareholders fund compared to other Private Life Insurance companies and LIC.
5.3 Findings with reference to Profitability Position of Public and Private Life Insurance Companies in India

Horizontal Analysis

- The Mean Score Net Profit of 4 companies i.e Bajaj Alliance, Max Network, PNB MetLife, Reliance are having negative mean scores which shows these companies are incurring losses in some of the financial Year. The remaining private life insurance companies and LIC mean scores varies from 7.38 to 253.46

- LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of fluctuation in Net Profit compared to other Private Life Insurance companies.

Trend Analysis

- The mean scores of Net Profit of four companies i.e LIC, TATA AIA, Max life and Exide life insurance Company are having positive mean and all other companies are negative mean Scores. The Positive Mean Scores varies from 57.86 to 796.13.

- TATA AIA is having least mean score of 57.86% compared to other private life insurance companies which shows TATA AIA’s Net profit is less compared to other companies.

- LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Net Profit compared to Private life Insurance

Ratio Analysis

- The mean scores of Gross Profit Ratio are negative for nine companies and Positive for Varies from 0.007 to 0.284.

- LIC is having least mean score of 0.007% compared to other private life insurance companies which shows LIC’s gross profit ratio is less compared to other companies.

- LIC is having the least Coefficient of Variance of 18.379 which expresses that it is more consistent in terms of Gross Profit ratio compared to other Private life Insurance companies.
The mean scores of Net Profit Ratio are negative for nine companies and Positive for three companies Varies from 0.007 to 0.284.

The LIC is having least mean score of 0.007% compared to other private life insurance companies which shows LIC’s Net profit ratio is less compared to other companies.

LIC is having the least Coefficient of Variance of 18.379 which expresses that it is more consistent in terms of Net Profit ratio compared to other Private Life Insurance companies.

The LIC is having Highest mean score of 363.26% compared to other private life insurance companies which shows LIC’s EPS is more compared to other companies.

LIC is having the least Coefficient of Variance of 35.19% which expresses that it is more consistent in terms of EPS compared to other Private Life Insurance companies.

The mean scores of operating Expense Ratio varies from 0.004 to 3.43 and Coefficient of variance varies from 18.45 to 88.39.

The LIC is having least mean score of 17.10% compared to other private life insurance companies which shows LIC’s Policy holders liabilities is less compared to other companies.

LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of policyholders Liabilities compared to other Private Life Insurance companies.

CARAMEL

The Kotak Mahindra is having least mean score of 0.28% compared to other private life insurance companies and LIC which shows Kotak Mahindra’s loss ratio is less compared to other companies.

LIC is having the least Coefficient of Variance of 10.46 which expresses that it is more consistent in terms of Loss Ratio compared to Private Life Insurance companies.
• Birla is having least mean score of 0.001% compared to other private life insurance companies and LIC which shows Birla has less Expense Ratio compared to other companies and LIC.

• ICICI is having the least Coefficient of Variance of 73.84% which expresses that it is more consistent in terms of Expenses of Management compared to other Private Life Insurance companies and LIC.

IRDA

• Birla is having least mean score of 0.001% compared to other private life insurance companies and LIC which shows Birla has less Expense Ratio compared to other companies and LIC.

• ICICI is having the least Coefficient of Variance of 73.84% which expresses that it is more consistent in terms of Expenses of Management compared to other Private Life Insurance companies and LIC.

• The mean scores of Profit after Tax to Total Income are negative for nine companies and Positive for three companies Varies from 0.007 to 0.284.

• The LIC is having least mean score of 0.007% compared to other private life insurance companies which shows LIC’s Net profit ratio is less compared to other companies.

• LIC is having the least Coefficient of Variance of 18.379 which expresses that it is more consistent in terms of Net Profit ratio compared to other Private life Insurance companies

5.4 Findings with reference to turnover of Public and Private Life Insurance Companies in India

Horizontal Analysis

• LIC is having highest mean score of 78.61% compared to other private life insurance companies which shows LIC has more total assets compared to other insurance companies.
• SBI is having the least Coefficient of Variance which expresses that it is more consistent in terms of total Assets compared to other Private Life Insurance companies and LIC.

• LIC is having least mean score of 13.15% compared to other private life insurance companies which shows fluctuation in Net Premium of LIC is less compared to other companies.

• LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Net Premium compared to other Private Life Insurance companies.

Trend Analysis

• The LIC is having least mean score of 309.47% compared to private life insurance companies which shows LIC’s Net Premium is less compared to private life insurance companies.

• LIC is having the least Coefficient of Variance of 47.67% which expresses that it is more consistent in terms of Net Premium compared to Private Life Insurance companies.

Ratio Analysis

• Bajaj Allianz is having highest mean score of 10.88% compared to other private life insurance companies and LIC which shows Bajaj Allianz’s total Assets turnover ratio is less compared to other companies and LIC.

• ICICI is having the least Coefficient of Variance of 40.59 which expresses that it is more consistent in terms of total assets turnover ratio compared to other Private Life Insurance companies.

• LIC is having least mean score of 3.39% compared to other private life insurance companies which shows Current Asset Turnover Ratio is less compared to other companies.

• HDFC is having the least Coefficient of Variance which expresses that it is more consistent in terms of compared to other Private Life Insurance companies.
- Exide life insurance is having least mean score of 0.02% compared to other private life insurance companies and LIC which shows Exide’s Net Assets turnover is less compared to other companies.

- LIC is having the least Coefficient of Variance which expresses that it is more consistent in terms of Net Assets Turnover Ratio compared to other Private life Insurance companies.

- TATA AIA is having least mean score of 31.88% compared to other private life insurance companies which shows LIC’s Fixed Assets Turnover Ratio is less compared to other companies.

- LIC is having the least Coefficient of Variance of 20.66% which expresses that it is more consistent in terms of Fixed Assets Turnover Ratio compared to other Private life Insurance companies.

CARAMEL

- SBI and Bajaj are having least mean score of 0.02% compared to other private life insurance companies and LIC which shows SBI and Bajaj are having least Share Capital to Total Assets compared to other companies.

- Birla is having the least Coefficient of Variance of 48.04 which expresses that it is more consistent in terms Share Capital to Total Assets of compared to other Private life Insurance companies.

- The LIC is having least mean score of 0.02% compared to other private life insurance companies which shows share Capital to Trend Reserves is less compared to other companies.

- LIC is having the least Coefficient of Variance of 122.40 which expresses that it is more consistent in terms of Share Capital to Trend Reserves compared to other Private life Insurance companies.

IRDA

- The LIC is having least mean score of 13.15% compared to other private life insurance companies which shows LIC’s New Business Growth Ratio is less compared to other companies.
LIC is having the least Coefficient of Variance of 79.80 which expresses that it is more consistent in terms of New Business growth compared to other Private Life Insurance companies.

5.5 Findings with reference to Hypotheses testing

- The t-test statistics of Liquidity Position for Public and private life insurers using various Key Indicators. The P-value as portrayed in the table is equal to 0.09874 and 0.19748 at 5 percent level of significance for various Parameters of liquidity of each key indicator. **Therefore on the whole we can conclude that there is no significant difference between Public and Private life insurance companies in terms of overall liquidity.** Hence the null hypothesis is accepted and alternate hypothesis is rejected.

- An analysis of the ANOVA table brings out that the F-value is 1.675369 and significance is 0.21087. Since the significance value is more than 0.05, the mean differences existing for these parameters across various **key indicators of financial performance** are not significant at 5% level. Hence, null hypothesis is accepted and alternate hypothesis is rejected.

- The t-test statistics of Solvency Position for Public and private life insurers using various Key Indicators of life insurance companies. The P-value as portrayed in the table is equal to 0.16561 and 0.33122 at 5 percent level of significance for various Parameters of Solvency of each key indicator. **Therefore, on the whole we can conclude that there is no significant difference between Public and Private life insurance companies in terms of overall Solvency.** Hence the null hypothesis is accepted and alternate hypothesis is rejected.

- An analysis of the ANOVA table brings out that the F-value is 0.9945 and significance is 0.3249. Since the significance value is more than 0.05, the mean differences existing for these parameters across various **key indicators of financial performance** are not significant at 5% level. Hence, null hypothesis is accepted and alternate hypothesis is rejected.

- The t-test statistics of Profitability Position for Public and private life insurers using various Key Indicators. The P-value as portrayed in the table is equal to
0.15993 and 0.31987 at 5 percent level of significance for various Parameters. Therefore, on the whole we can conclude that there is no significant difference between Public and Private life insurance companies in terms of overall Profitability. Hence the null hypothesis is accepted and alternate hypothesis is rejected.

- An analysis of the ANOVA table brings out that the F-value is 1.108326 and significance is 0.30387. Since the significance value is more than 0.05, the mean differences existing for these parameters across various key indicators of financial performance are not significant at 5% level. Hence, null hypothesis is accepted and alternate hypothesis is rejected.

- The t-test statistics of Turnover for Public and private life insurers using various Key Indicators. The P-value as portrayed in the table is equal to 0.17047 and 0.34095 at 5 percent level of significance for various Parameters Therefore, on the whole we can conclude that there is no significant difference between Public and Private life insurance companies in terms of overall turnover. Hence the null hypothesis is accepted and alternate hypothesis is rejected.

- An analysis of the above ANOVA table brings out that the F-value is 0.995848 and significance is 0.330239. Since the significance value is more than 0.05, the mean differences existing for these parameters across various key indicators of financial performance are not significant at 5% level. Hence, null hypothesis is accepted and alternate hypothesis is rejected.

- The t-test statistics of all the four aspects of financial performance i.e Liquidity, Solvency, Profitability and Turnover for Public and private life insurers using various Key Indicators. The P-value as portrayed in the table is equal to 0.11679 and 0.23359 at 5 percent level of significance for various Parameters of each key indicators Therefore, on the whole we can conclude that there is no significant difference between Key Indicators level of performance in assessing the Financial Performance of Public and Private life insurance companies. Hence the null hypothesis is accepted and alternate hypothesis is rejected.
• An analysis of the above ANOVA table brings out that the F-value is 1.45065292 and significance is 0.231106. Since the significance value is more than 0.05, there is no significant difference between the level of performance of key Indicators in assessing the Financial Performance of Life Insurance Companies. Hence, null hypothesis is accepted and alternate hypothesis is rejected.

**Summary of Suggestions**

An attempt has been made to suggest suitable measures on the basis of the findings for addressing the financial Performance of Public and Private life insurance companies in India.

• The study finds that the life insurance companies in India are using horizontal analysis for analysing the financial performance of the company and compare with previous year financial data this may lead to wrong perception about the financial aspects (liquidity, Solvency, Profitability and turnover) of the business. Therefore the basic step to be taken by the insurance companies for addressing this issue is by calculating the different aspects (liquidity, Solvency, Profitability and turnover) of Financial Performance using various key indicators such as Horizontal Analysis, Vertical Analysis, Trend Analysis, Ratio Analysis, CARAMEL, IRDA Ratio of life insurance and comparing it with minimum previous three financial years.

• To assess the **Liquidity Position** the insurance company should consider all the parameters of each Key indicators which will help them to clearly examine the financial position in terms of liquidity.

• According to Horizontal Analysis, Vertical Analysis and Trend Analysis to assess the liquidity position of the life insurance companies the Current Assets and Current Liabilities are the parameters to be used.

• In assessing the liquidity position in Ratio Analysis Quick Ratio, Cash Ratio and Net working capital Ratio are the parameters to be used.
The liquidity position of the life insurance companies can be examined using Quick Ratio in CARAMEL.

Commission Ratio is the parameter to be used according to IRDA Prescribed Ratio.

To evaluate the Solvency Position the insurance company should consider all the parameters of each Key indicators which will help them to clearly examine the financial position in terms of Solvency position.

According to Horizontal Analysis, Vertical Analysis and Trend Analysis the Policy holders Liability, Fixed Assets, Investments and Capital & Reserves are the parameters to be used to evaluate the solvency Position of the life insurance companies.

In Ratio Analysis Debt Ratio, Debt Equity Ratio and Capital Employed to Net worth are the parameters to be used in assessing the solvency position of the life insurance companies.

Management Soundness which calculated by dividing Gross Premium by Net Premium and Retention Ratio are the parameters in CARAMEL to be used in examining the solvency Position of the life insurance companies.

Growth Ratio of Shareholders, Policy holders Liability to shareholders fund and Net Retention Ratio to be used in IRDA prescribe Ratio in assessing the solvency position of the life insurance companies.

To examine the Profitability Position the insurance company should consider all the parameters of each Key indicators which will help them to clearly examine the financial position in terms of Profitability.

According to Horizontal Analysis, Vertical Analysis and Trend Analysis Net profit is to be used in assessing the profitability of the insurance companies.

In Ratio Analysis Gross Profit Ratio, Net profit Ratio, Earnings Per share and Operating Expenses Ratio, Loss Ratio are the parameters to be used in analysing the profitability position of life insurance companies.
• Expenses Ratio and Combined Ratio are the parameters in CARAMEL to be in evaluating the profitability position of life insurance companies.

• Expenses of Management and Profit after Tax to Total Income to be used in IRDA Ratio in examining the profitability of life insurance companies.

• To understand the Turnover the insurance company should consider all the parameters of each Key indicators which will help them to clearly examine the financial position in terms of turnover.

• According to Horizontal Analysis, Vertical Analysis and Trend Analysis the Net premium is the parameters to be used in analysing the turnover of the life insurance companies.

• In Ratio Analysis, Total Assets Turnover Ratio, Current Assets Turnover Ratio, Fixed Assets Turnover Ratio and Net Assets Turnover Ratio to be used to assess the turnover of life insurance companies.

• Shareholders to Total Assets and Shareholders to Trend Reserves are the parameters in CARAMEL to be used for calculating the turnover of the life insurance companies.

• New Business Growth Ratio to be used in IRDA Ratio for evaluating the turnover of the life insurance companies.

• To have liquidity Insurance Company must be able to convert any asset to cash within short time for pay out of claims to policy holders as and when due.

• In order to have better returns, the insurance company must make optimal utilization of its capital.

• To maintain profitability the amount of returns on the investment made must exceed cost of liabilities and there must be enough safeguard for any ups and downs in the investment.

• Private insurers need to have required quantum of Trend reserves for better support to unexpected claims.
• Proper Check on Management expenses will help to improve management efficiency.

• For the improvement of insurance companies, unprofitable branches and unproductive work force if curtailed will save a huge amount for insurance companies.