Insurance is, basically, a cooperative endeavor. It is a noble portfolio where insurance is offered against contingencies. The subject matter of assurance may relate to life or non-life. In either case, it mitigates the hardships caused to individuals and through them to society. Since inception the Indian insurance industry passed through many hurdles and hindrances in order to attain the present status. However, the income earning capacity, eagerness and awareness of the public are the key determinants of the growth of any insurance industry. In the Indian context, the insurance habits among the general public during the independence decade was rare but there was a remarkable improvement in the Indian insurance industry soon after the economic reform era (1991) due to healthy competition from many national as well as international private insurance players.

Insurance industry has undergone significant transformation through the world after liberalization. This is also true with Indian insurance market, which has also passed through a period of structural changes under the combined impact of financial sector reforms in general and insurance sector in particular. The market for insurance services previously was monopolistic while the market place was regulated and insurance companies were expected to receive assured spreads over their costs of funds and systematic demand for their products. This phase in insurance business was the result of sheltered markets and administered prices for various products. Competition was restricted to existing public insurers due to the existence of entry barriers for new insurance companies. In case of life insurance segment Life Insurance Corporation of India (LIC) had a dominant role, while in non-life insurance segment New India, United India, National Insurance and Oriental Insurance had
the monopoly. These companies were operating as cartel, even in areas where freedom to price their products existed. With the liberalization of insurance sector, the paradigm for Indian insurance industry has witnessed a sea change during the last decade. The emerging scenario has infused greater competitive volatility in the system, because the insurance sector has now entered into a competitive phase due to entry of more players in the insurance field. Liberalization and privatization of insurance sector has offered tremendous opportunities and challenges and since the onset of reforms the public sector non-life insurance companies have been compelled to review their philosophy and method of working, in order to be ready for competition with private sector companies.

The present study attempts to evaluate the financial performance of Indian public sector non-life insurance companies during post reform period. The study has been divided into seven chapters. The first chapter deals with the introduction and gives an overview of insurance sector. In the second chapter, a review of related literature has been given. Third chapter entitled “Research design” deals with need, objectives, research methodology, sample design, data collection, scope and significance of the study. The fourth chapter deals with the evaluation of financial performance of public sector non-life insurance companies. The fifth chapter analyzes the investment pattern of public sector non-life insurance companies. In sixth chapter a comparative financial evaluation of public and private sector non-life insurance companies has been given. Finally seventh chapter contains findings, conclusions, suggestions and scope for future study.

It is hoped that the findings of this study and suggested points would benefit the non-life insurance companies and to enhance the overall effectiveness and efficiency of this sector.
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