

A

Project Report

ON

**“A DETAIL STUDY OF INDIAN INSURANCE SECTOR WITH SPECIAL REFERANCE
TO HDFC ERGO GENERAL INSURANCE”**

Submitted to

G. S. College of Commerce & Economics, Nagpur

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfillment for the award of the degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

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Academic Year 2022 – 23

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Academic Year 2022 – 23

CERTIFICATE

This is to certify that “AYUSH S. UMALE” has submitted the project report titled “A DETAIL OF INDIAN INSURANCE SECTOR WITH SPECIAL REFERANCE TO HDFC ERGO GENERAL INSURANCE’’, towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he/she has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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Place:

Date:



DECLARATION

I here-by declare that the project with title “A DETAIL STUDY OF INDIAN INSURANCE SECTOR WITH SPECIAL REFERANCE TO HDFC ERGO GENERAL INSURANCE” has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

AYUSH S. UMALE

Place:

Date:



ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr. Swati Kathaley, Principal, G.S. College of Commerce & Economics, Nagpur.

I am extremely thankful to my Project Guide Dr. Kamlesh Thothe for his/her guideline throughout the project. I tender my sincere regards to Co-Ordinator, Dr. Afsar Sheikh for giving me outstanding guidance, enthusiastic suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

AYUSH S. UMALE

Place:

Date:

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INTRODUCTION

WHAT IS INSURANCE ?

Insurance is a means of protection from financial loss in which, in exchange for a fee, a party agrees to compensate another party in the event of a certain loss, damage, or injury. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss.



An entity which provides insurance is known as an **insurer**, **insurance company**, **insurance carrier**, or underwriter. A person or entity who buys insurance is known as a **policyholder**, while a person or entity covered under the policy is called an **insured**. The insurance transaction involves the policyholder assuming a guaranteed, known, and relatively small loss in the form of a payment to the insurer (a premium) in exchange for the insurer's promise to compensate the insured in the event of a covered loss. The loss may or may not be financial, but it must be reducible to financial terms. Furthermore, it usually involves something in which the insured has an insurable interest established by ownership, possession, or pre-existing relationship.

The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insurer will compensate the insured, or their designated beneficiary or assignee. The amount of money charged by the insurer to the policyholder for the coverage set forth in the insurance policy is called the **premium**. If the insured experiences a loss which is potentially covered by the insurance policy, the insured submits a claim to the insurer for processing by a claims adjuster. A mandatory out-of-pocket expense required by an insurance policy before an insurer will pay a claim is called a **deductible** (or if required by a health insurance policy, a **copayment**). The insurer may hedge its own risk by taking out reinsurance, whereby another insurance company agrees to carry some of the risks, especially if the primary insurer deems the risk too large for it to carry.

Insurance is a financial product sold by insurance companies to safeguard you and / or your property against the risk of loss, damage or theft (such as flooding, burglary or an accident). Some types of insurance you have to take out by law such as motor insurance if you

drive a vehicle; some you may need as a condition of a contract such as buildings insurance as a requirement of your mortgage; and others are sensible to take out such as life insurance or saving for a pension.

While it is a good idea to make sure you are not paying for insurance that you don't need, you should always think about what would happen if disaster struck and you didn't have cover to protect you.

You can buy insurance policies for many aspects of your life, for example for your health, home, car, business, or retirement.

An insurance policy is the contract that you take out with an insurer to protect you against specific risks under agreed terms.

HOW INSURANCE WORK :-

When you buy a policy you make regular payments, known as premiums, to the insurer. If you make a claim your insurer will pay out for the loss that is covered under the policy.

**HOW DOES
INSURANCE
WORK?**



If you don't make a claim, you won't get your money back; instead it is pooled with the premiums of other policyholders who have taken out insurance with the same insurance company. If you make a claim the money comes from the pool of policyholders' premiums

To decide on the type of insurance you need think about:

- why you need cover
- what you want to include in your cover
- how much you can afford
- how long you might need cover for
- whether you want cover for yourself and / or for loved ones

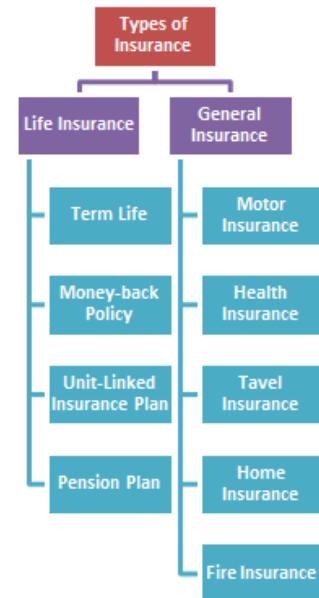
To buy insurance cover you can:

- contact an insurer directly, either online or over the phone
- seek professional advice through an insurance broker via the [British Insurance Brokers' Association \(BIBA\)](#)
- speak to an independent financial adviser through the [Association of Professional Financial Advisors](#) and / or [unbiased.co.uk](#), a comprehensive website where you can find specialist, professional financial advisers
- check comparison websites to get the best deal on the type of policy you're looking for
- for more information see [how to buy insurance](#)

TYPES OF INSURANCE :- There are mainly 2 types of

insurance

- LIFE INSURANCE
- GENERAL INSURANCE

**LIFE INSURANCE**

Life Insurance can be defined as a contract between an insurance policy holder and an insurance company, where the insurer promises to pay a sum of money in exchange for a premium, upon the death of an insured person or after a set period. Life Insurance covers only the life-risk of the person insured. It covers most causes of death, including natural and accidental causes, suicide, and homicide. It is a contract between an insurance policy holder and an insurer or assurer, where the insurer promises to pay a designated beneficiary a sum of money upon the death of an insured person (often the policyholder). Depending on the contract, other events such as terminal illness or critical illness can also trigger payment. The policyholder typically pays a premium, either regularly or as one lump sum. The benefits may include other expenses, such as funeral expenses.

TYPES OF LIFE INSURANCE.

- **TERM LIFE** : Term life insurance is also called Term assurance provides life insurance coverage for a specified term (usually 10-30 years). The policy does not accumulate cash value and is significantly less expensive than a permanent policy with an equivalent death benefit but will increase in cost with age. Policyholders can save to provide for increased term premiums or decrease insurance needs (by paying off debts or saving to provide for survivor needs).

Term life insurance can be contrasted to permanent life insurance such as whole life, universal life, and variable universal life, which guarantee coverage at fixed premiums for the lifetime of the covered individual unless the policy is allowed to lapse due to failure to pay premiums. Term insurance is not generally used for estate planning needs or charitable giving strategies but is used for pure income replacement needs for an individual.

- **MONEY BACK POLICY** : The money-back policy from Life Insurance Corporation in India is a popular insurance policy. It provides life coverage during the term of the policy and the maturity benefits are paid in installments by way of survival benefits in every 5 years. The plan is available with 20 years and 25 years term. In the event of death within the policy term, the death claim is made up of full sum assured without deducting any of the survival benefit amounts already paid. The bonus is also calculated on the full sum assured. The premium paid is tax-deductible under section 80C of Income Tax Act 1961.
- **UNIT-LINKED INSURANCE PLANS** : A unit-linked insurance plan is essentially a combination of insurance and an investment vehicle. A portion of the premium paid by the policyholder is utilized to provide insurance coverage to the policyholder and the remaining portion is invested in equity and debt instruments. The aggregate premiums collected by the insurance company providing such plans is pooled and invested in varying

proportions of debt and equity securities in a similar manner to mutual funds. Each policyholder has the option to select a personalized investment mix based on his/her investment needs and risk appetite. Like mutual funds, each policyholder's Unit-Linked Insurance Plan holds a certain number of fund units, each of which has a net asset value that is declared on a daily basis.

GENERAL INSURANCE

GENERAL INSURANCE :- Insurance contracts that do not come under the ambit of life insurance are called general insurance. The different forms of general insurance are fire, marine, motor, accident and other miscellaneous non-life insurance. General insurance helps us protect ourselves and the things we value, such as our homes, our cars and our valuables, from the financial impact of risks, big and small – from fire, flood, storm and earthquake, to theft, car accidents, travel mishaps – and even from the costs of legal action against us. The tangible assets are susceptible to damages and a need to protect the economic value of the assets is needed. For this purpose, general insurance products are bought as they provide protection against unforeseeable contingencies like damage and loss of the asset. Like life insurance, general insurance products come at a price in the form of premium. General insurance or non-life insurance policy, including automobile and homeowners policies, provide payments depending on the loss from a particular financial event. General insurance is typically defined as any insurance that is not determined to be life insurance. It is called property and casualty insurance in the United States and Canada and non-life insurance in Continental Europe. It covers any other risk except for life-risk of the person injured.

TYPES OF GENERAL INSURANCE

Health Insurance: This is one of the most common types of general insurance and provides cover against medical emergencies and hospitalisation expenses. A person can choose between specific plans for certain types of ailments, like heart and cancer ailments, accidents, etc. There are different types of health insurance plans available in the market today. One can choose an individual cover or opt for a family cover for all the family members. Although every policy is different, based on who it's being purchased for, it mainly covers:

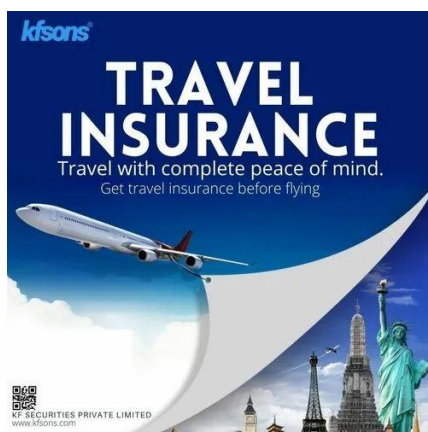
- Accidental Hospitalization (pre & post)
- Accidental illness and hospitalization
- Daycare procedures
- Psychiatric Support
- Annual Health Checkups
- Daily Hospital Cash



- **Home Insurance:** Just like insuring health, one can also insure his/her house for a certain sum of money. Home insurance provides security against natural calamities like earthquakes, floods, riots, theft, etc., that can damage one's home or its belongings. If a person suffers any loss due to any of these reasons, he/she can submit a claim to the insurance provider.



- **Travel Insurance:** Travel insurance is specific to a trip and a person can get the insurance right before he/she starts the journey. This type of insurance provides security against the loss of baggage, delay or cancellation of flights, accidents or hospitalisation expenses, etc, during a trip. If a person meets with an unfortunate accident, or loses his/her baggage, he/she can claim travel insurance to cover these expenses. The duration of the travel for one time can be 180 days at the maximum. The policyholder can take more than one trip in a year. Your Travel Insurance will cover:



- Loss of Baggage
- Loss of Passport
- Hijacking
- Medical Emergencies
- Delayed Flights
- Accidental Deaths
- Adventure Sports

- **Motor Insurance**: Motor insurance secures vehicles and provides cover against damage due to accidents, theft, riots, terrorist attacks, or natural calamities like floods, cyclones, etc. Motor insurance is of two types:



- Comprehensive Insurance: This includes a broader spectrum of things. Comprehensive motor insurance covers both the parties involved in an accident. It also provides cover against theft or damage due to factors like natural calamities, human-made disasters like riots, vandalism, and more
- Third-Party Insurance: This only provides cover to the third party involved in an accident. This type of insurance usually has a lower premium than comprehensive insurance.

- **MARINE INSURANCE** : Marine insurance covers the physical loss or damage of ships, cargo, terminals, and any transport by which the property is transferred, acquired, or held between the points of origin and the final destination. Cargo insurance is the sub-branch of marine insurance, though marine insurance also includes onshore and offshore exposed

property, (container terminals, ports, oil platforms, pipelines), hull, marine casualty, and marine liability. When goods are transported by mail or courier or related post, shipping insurance is used instead.

- **ACCIDENT INSURANCE** : Accident insurance is a type of insurance where the policy holder is paid directly in the event of an accident resulting in injury of the insured. The insured can spend the benefit payment however they choose. Accident insurance is complementary to, not a replacement for, health insurance.



COMPANY PROFILE

HDFC ERGO

HDFC ERGO General Insurance

- HDFC ERGO General Insurance Company is a joint venture between the Housing Development Finance Corporation Ltd. (HDFC), India's premier Housing Finance Institution, and ERGO International AG the primary insurance entity of the Munich Re Group of Germany.



- ERGO International holds **49%** of shares in the company and HDFC holds **51%** of shares in the company which means the HDFC are holding company of **HDFC ERGO GENERAL INSURANCE CO. LTD.**



- The Board of Director of HDFC ERGO is **Mr. Deepak S. Parekh** Who is the chairman of the holding company.
- The Company marked the first merger in the General Insurance sector in August 2017, with IRDAI's approval for the merger of HDFC ERGO General Insurance Co. Ltd. with HDFC General Insurance Ltd. (formerly Known as L&T General Insurance Co. Ltd.), and the merged entity, known as HDFC ERGO General Insurance Co. Ltd., is the third largest General Insurance provider in the private sector.
- HDFC ERGO offers products like Motor, Health, Travel, Home and Personal Accident Insurance in the retail space and customized products like Property, Marine and Liability Insurance in the corporate space through its vast network of 200+ branches which is spread across 170+ cities and approx. 9700+ employees and worldwide distribution network.

BRANCHES	CITIES	EMPLOYEES
200+	170+	9700+



HDFC Ltd. And ERGO International AG formed a joint venture firm named HDFC ERGO General Insurance Company Limited. ERGO became a 49% stakeholder in the Company in 2015. In June 2019, HDFC announced plans to acquire 51.2 per cent stake in Apollo Munich Health Insurance and later merged it with its general insurance arm, HDFC ERGO.

In 2020, HDFC Ergo Health Insurance(earlier known as Apollo Munich Health Insurance) merged with the company after the receipt of final approval from the Insurance Regulatory and Development Authority of India (IRDAI) making it the second-largest private insurer in the accident and health insurance business. With this merger, the company's product suite expanded to over 50 in this segment.

In May 2021, Housing Development Finance Corporation (HDFC), had entered into a share purchase agreement for sale of 44,12,000 equity shares of Rs. 10 each, representing 0.62% of the issued and paid-up share capital of HDFC ERGO, in accordance with the direction of Reserve Bank of India to reduce its shareholding in the latter to 50% or below, and subsequent to this HDFC ERGO would cease to be a subsidiary company of HDFC

HDFC ERGO General Insurance Statistics

HDFC ERGO General Insurance Company Limited offers insurance solutions for various sectors including Health Insurance, Travel Insurance, Motor Insurance, Personal Accident Insurance and Home Insurance. The insurer also provides personalised insurance products like marine insurance, property insurance and liability insurance in around 113 cities in the nation.

The insurance provider has served more than 5 million plans. The gross premium growth of the company for the last 5 years is 20%. HDFC ERGO General Insurance Company was recognised with the iAAA rating for its ability to settle claim requests. The insurer has a strong market presence and is appreciated for settling all insurance claim requests made by the customers. Here are some remarkable figures owned by the company:

Claim Settlement Ratio	94.32%
Network Garages	6,800+
Network Hospitals	10,000+

PRODUCT OFFER BY HDFC ERGO

HDFC ERGO Car Insurance Policy

The HDFC ERGO car insurance plans help you to protect yourself against damage or loss incurred by your car in different situations such as accident, fire, theft, earthquake, and so on. It also provides insurance coverage for the financial liability which arises out of third party injury and property damage.

- **HDFC ERGO Third Party Insurance Policy** - The third-party liability insurance covers legal liabilities arising from injuries to the third party or damages sustained by third parties with the involvement of the insured vehicle. The policy is available for both private and commercial vehicle insurance.
- **HDFC ERGO Private Car Insurance Policy** - The Private Car Insurance plan is a financial security to shield your car against damages, theft, natural disasters and man-made disaster. The plan also comprise a third party liability that offers coverage claims by the third party when the insured car damages another person's property.
- **HDFC ERGO Commercial Vehicles Insurance Policy** - This plan provides insurance to a vast range of commercial vehicles to protect your cab or taxi related businesses from financial loss due to accidents or damage incurred by the vehicles. It also provides the coverage for financial and legal liability towards third parties for personal injury, death and property damage in case of an accident involving the insured vehicle.

HDFC ERGO Two-Wheeler Insurance Policy

Life becomes uncertain when you are riding on the roads. Any accident or mishap can take place anytime and its damage expense may not be easy for you to afford. On this note, a two-wheeler insurance policy must not be considered as a burden, but as a necessity. Buying a two-wheeler insurance plan can reduce the level of your stress, if you get into an unwanted condition.

As you know that to own at least the third party two-wheeler insurance cover is compulsory according to the law, hence, a policy also brings peace of mind. HDFC ERGO General Insurance provides two

types of insurance products such as two-wheeler liability only policy and two-wheeler comprehensive insurance policy for one year as well as multiyear.

HDFC ERGO Health Insurance Policy

When it comes to healthcare expenses, it is soaring every single day and no signs of reduction is visible in the near future. It means that without a sufficient health insurance cover, it could become quite impossible for anyone to bear the expenses of unforeseen illness as you might have to spend a huge portion of your savings which may lead you to a financial emergency.

HDFC ERGO health insurance plans are designed to assist you in overcoming the financial crunches arising due to medical contingency by offering a cost-efficient comprehensive health insurance cover.

There are different types of health insurance plans provided by the HDFC ERGO health insurance for individuals, families, senior citizens, parents, women, critical illness, and top-up plans. Some of the health insurance plans are my:health Suraksha Silver Smart, my:health Suraksha Gold Smart, my:health Suraksha Platinum Smart, Suraksha Top-up Policy, Critical Illness Policy, my:health Woman Suraksha, my:health Women Suraksha Cancer Plan, and so on.

HDFC ERGO Home Insurance Plans

With HDFC ERGO Home Insurance, the company offers you the benefit of cost-efficient insurance coverage for your personal property and possessions against different sorts of eventualities. The home insurance plan is meant to cover the superstructure and belongings inside your home for up to 5 years. The home insurance cover also gives protection against natural disasters like lightning, floods, storms, earthquakes etc., as well as against man-made calamities such as burglary, riots, theft, terrorism and so on. The HDFC ERGO Standard Fire and Special Perils Insurance is a comprehensive home insurance policy which promises to give overall protection to your property.

HDFC ERGO Travel Insurance Plans

HDFC ERGO General Insurance also assists you to explore more and enjoy your travel to the fullest with HDFC ERGO Travel Insurance Plan. It is a comprehensive travel insurance cover for business travel as well as leisure travel which offers various benefits such as cashless hospitalisation, 24x7 international helpline assistance, and instant issuance of insurance without going through any type of health check-up. This insurance plan offers coverage for medical expenses, loss due to damage or loss of luggage, trip cancellation charges, flight accidents, and similar expenses on overseas trips. This insurance cover is available on an individual and family floater basis.

Under the family floater policy offered by HDFC ERGO travel insurance plan, the coverage is provided to insured and his or her spouse of up to the age of 60 years, and a maximum of two children from the age of 3 months to 21 years. Another travel insurance plan offered by the HDFC ERGO general insurance is Student Suraksha Policy, which is a comprehensive overseas student travel insurance cover that is created for Indian students, between the age of 16 and 35 years, who are pursuing their studies abroad to ensure their financial protection in case of contingencies.

HDFC ERGO Commercial Insurance Plans

HDFC ERGO General Insurance Company Limited provides a wide range of commercial insurance services catering to business and corporate. Commercial organisations can select a commercial insurance plan from its different insurance policies as per their needs. Some commercial insurance policies are Casualty Insurance, Property and Misc Insurance, Speciality Insurance, Group Insurance, and so on.

HDFC ERGO Rural Insurance Policy

HDFC ERGO General Insurance Company offers affordable insurance solutions for rural customers which includes farmers, dairy owners, and tradesmen with Pradhan Mantri Fasal Bima Yojana, Cattle Insurance Cover, and Rainfall Index Insurance to compensate losses caused due to damage of crops, death of their cattle, weather vagaries and so on.

RESEARCH STUDY

OBJECTIVE OF STUDY

- To study of various insurance policy under HDFC ERGO.
- To know the benefits of the insurance policy.
- To analysis the return of the insurance policy.
- To take an overview of INDIAN INSURANCE SECTOR.
- OPPORTUNITIES IN INDIAN INSURANCE SECTOR.

HYPOTHESIS

A hypothesis is a testable statement of what the researcher predicts will be the outcome of the study.

Hypothesis is usually considered as the principal instrument in research. Its main function is to suggest new experiments and observations. In fact, many experiments are carried out with the deliberate objects of testing hypothesis.

H0:

HDFC ERGO insurance schemes are not beneficial for the consumer.

H1:

HDFC ERGO insurance scheme is beneficial for the consumer.

Limitation

- The study only give an overview of Indian insurance sector
- The data collected for the study is only from the secondary sources
- The study focuses only one company in the INDIAN INSURANCE SECTOR i.e. HDFC ERGO
- Growth of HDFC ERGO in insurance sector predicted in the study cannot remain same for longer period of time as it can be effected by potential competitors

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

What is Research...?

Research means search for facts in order to find answers to certain questions or to find solutions to certain problems. It is often referred to as 'scientific inquiry' or 'scientific investigation' into a specific problem or situation.

Methodology includes the overall research procedures, which are followed in the research study. This includes Research design, the sampling procedures, and the data collection method and analysis procedures. Two broad methodologies can be used to answer any research question-experimental research and non-experimental research. The major difference between the two methodologies lies in the control of extraneous variables by the intervention of the investigator in the experimental research.

DATA COLLECTION METHODS

There are two types of data.

- **Primary data**
- **Secondary data**

Primary data

The primary data is that data which is collected fresh and first hand and for first time which is original in nature. Primary data for this project report is collected by:

Primary sources would mainly be the semi structures interviews with some current and prospective investors.

Secondary data

The secondary data are those which are collected by web-based, publication in the newspapers, Magazines and information available in the Internet. Various tools and techniques have been used to depict the data using graph and pie charts.

The data collected for the research purpose in this study is derived from secondary sources only such as websites, magazines and books related to the topic.

DATA ANALYSIS AND INTERPRETATION

INDIAN INSURANCE SECTOR

The Indian Insurance Sector is basically divided into two categories – Life Insurance and Non-life Insurance. The Non-life Insurance sector is also termed as General Insurance. Both the Life Insurance and the Non-life Insurance is governed by the IRDAI (Insurance Regulatory and Development Authority of India).

The role of IRDA is to thoroughly monitor the entire insurance sector in India and also act like a custodian of all the insurance consumer rights. This is the reason all the insurers have to abide by the rules and regulations of the IRDAI.

The Insurance sector in India consists of total 57 insurance companies. Out of which 24 companies are the life insurance providers and the remaining 33 are non-life insurers. Out of which there are seven public sector companies.

Life insurance companies offer coverage to the life of the individuals, whereas the non-life insurance companies offer coverage with our day-to-day living like travel, health insurance, our car and bikes, and home insurance. Not only this, but the non-life insurance companies provide coverage for our industrial equipment's as well. Crop insurance for our farmers, gadget insurance for mobiles, pet insurance etc. are some more insurance products being made available by the general insurance companies in India.

The life insurance companies have gained an investment prospectus in the recent times with an idea of providing insurance along with a growth of your savings. But, the general insurance companies remain reluctant to offer pure risk cover to the individuals.

Let us look at the Performance Highlights of the Indian Insurance Industry:

Life Insurance Performance:

Life Insurance Business Performance:	Public Sector 2015-16	Private Sector 2015-16	Public Sector 2014-15	Private Sector 2014-15
Premium Underwritten (Rs in Crores)	266444.21	100499.02	239667.65	88433.49
New Policies Issued (in Lakhs)	205.47	61.92	201.71	57.37
Number of Offices	4892	6179	4877	6156
Benefits Paid (Rs in Crores)	141201.05	60565.05	144125	67054
Individual Death Claims (Number of Policies)	761983	114697	755901	121927
Individual Death Claims Amount Paid (Rs in Crores)	9690.17	2946.49	9055.18	2733.49
Group Death Claims (Number of lives)	247504	297833	273794	192989
Group Death Claims Amount Paid (Rs in Crores)	2494.03	2303	2037.27	1483.55
Individual Death Claims (Figures in percent of policies)	98.33	91.48	98.19	89.4
Group Death Claims (Figures in percent of lives covered)	99.69	94.65	99.64	91.2
No. of Grievances reported during the year	64750	139951	80944	198048
Grievances resolved during the year	64750	145125	80944	193119
Grievance Resolved (in percent)	100	103.69	100	97.51

Non-Life Insurance Performance:

Life Insurance Business Performance:	Public Sector 2015-16	Private Sector 2015-16	Public Sector 2014-15	Private Sector 2014-15
Premium Underwritten (Rs in Crores)	47691	39694	42549.48	35090.09
New Policies Issued (in Lakhs)	8414	2389	8207	2200
Number of Offices	4892	6179	4877	6156
Net Incurred Claims (Rs in Crores)	38104.27	21764.44	31567.75	19430.46
No. of Grievances reported during the year	17808	41802	15860	44828
Grievances resolved during the year	17718	42493	16105	43318
Grievance Resolved (in percent)	9.49	101.65	101.54	96.63

Stand Alone Health Insurance Companies	Gross Direct Premium (Rs in Crores)2015-16	Net earned premium (Rs in Crores)2015-16	U/W Profit/Loss(Rs in Crores) 2015-16	Net incurred claim ratio(Rs in Crores) 2015-16	Gross Direct Premium (Rs in Crores)2014-15	Net earned premium (Rs in Crores)2014-15	U/W Profit/Loss(Rs in Crores) 2014-15	Net incurred claim ratio(Rs in Crores) 2014-15
Star Health and Allied Insurance	2007	1513	N.A.	53.81%	1469	1017	N.A.	63.96%
Apollo Munich Health Insurance	1022	774	N.A.	64.61%	803	655	N.A.	60.03%
Max Bupa Health Insurance	476	393	N.A.	59.53%	372	315	N.A.	55.16%
Religare Health Insurance	503	287	N.A.	57.25%	275	154	N.A.	61.13%
Cigna TTK Health Insurance	143	70	N.A.	78.66%	21	6	N.A.	64.33%

Specialised Insurer in Agriculture	Gross Direct Premium (Rs in Crores)2015-16	Net earned premium (Rs in Crores)2015-16	U/W Profit / Loss(Rs in Crores)2015-16	Net incurred claim ratio(Rs in Crores)2015-16	Gross Direct Premium (Rs in Crores)2014-15	Net earned premium (Rs in Crores)2014-15	U/W Profit / Loss(Rs in Crores)2014-15	Net incurred claim ratio(Rs in Crores)2014-15
Agriculture Insurance Co. Ltd.	3521	1862	61.66	99.66%	2740	1598	Loss158	108.47%

Specialised Insurer in export credit insurance	Gross Direct Premium (Rs in Crores)2015-16	Net earned premium (Rs in Crores)2015-16	U/W Profit / Loss(Rs in Crores)2015-16	Net incurred claim ratio(Rs in Crores)2015-16	Gross Direct Premium (Rs in Crores)2014-15	Net earned premium (Rs in Crores)2014-15	U/W Profit / Loss(Rs in Crores)2014-15	Net incurred claim ratio(Rs in Crores)2014-15
Export Credit Guarantee Corporation of India Limited	1321	979	Loss 250	102%	1362	1019	Loss 291.91	114%

The Past of Insurance Sector in India

In the history of the Indian insurance sector, a decade back LIC was the only life insurance provider.

Other public sector companies like the National Insurance, United India Insurance, Oriental Insurance and New India Assurance provided non-life insurance or say general insurance in India.

However, with the introduction of new private sector companies, the insurance sector in India gained a momentum in the year 2000. Currently, 24 life insurance companies and 30 non-life insurance companies have been aggressive enough to rule the insurance sector in India.

But, there are yet many more insurers who are awaiting IRDAI approvals to start both life insurance and non-life insurance sectors in India.

The Present of Insurance Sector in India

So far as the industry goes, LIC, New India, National Insurance, United insurance and Oriental are the only government ruled entity that stands high both in the market share as well as their contribution to the Insurance sector in India. There are two specialized insurers – Agriculture Insurance Company Ltd catering to Crop Insurance and Export Credit Guarantee of India catering to Credit Insurance. Whereas, others are the private insurers (both life and general) who have done a joint venture with foreign insurance companies to start their insurance businesses in India.

Life Insurance Companies:

Private Sector Companies

- Aegon Life Insurance Co. Ltd.
- Aviva Life Insurance Co. India Ltd.
- Bajaj Allianz Life Insurance Co. Ltd.
- Bharti AXA Life Insurance Co. Ltd.

- Birla Sun Life Insurance Co. Ltd.
- Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.
- DHFL Pramerica Life Insurance Co. Ltd.
- Edelweiss Tokio Life Insurance Co. Ltd
- Exide Life Insurance Co. Ltd.
- Future Generali India Life Insurance Co. Ltd.
- HDFC Standard Life Insurance Co. Ltd.
- ICICI Prudential Life Insurance Co. Ltd.
- IDBI Federal Life Insurance Co. Ltd.
- IndiaFirst Life Insurance Co. Ltd
- Kotak Mahindra Old Mutual Life Insurance Ltd.
- Max Life Insurance Co. Ltd.
- PNB MetLife India Insurance Co. Ltd.
- Reliance Life Insurance Co. Ltd.
- Sahara India Life Insurance Co. Ltd.
- SBI Life Insurance Co. Ltd.
- Shriram Life Insurance Co. Ltd.
- Star Union Dai-Ichi Life Insurance Co. Ltd.
- Tata AIA Life Insurance Co. Ltd.

General Insurance Companies:

Private Sector Companies

- Aditya Birla Health Insurance Co. Ltd.
- Bajaj Allianz General Insurance Co. Ltd.
- Bharti AXA General Insurance Co.Ltd.
- Cholamandalam General Insurance Co. Ltd.
- Future Generali India Insurance Co.Ltd.
- HDFC ERGO General Insurance Co. Ltd.
- ICICI Lombard General Insurance Co. Ltd.
- IFFCO-Tokio General Insurance Co. Ltd.
- Kotak General Insurance Co. Ltd.
- L&T General Insurance Co. Ltd.
- Liberty Videocon General Insurance Co. Ltd.
- Magma HDI General Insurance Co. Ltd.
- Raheja QBE General Insurance Co. Ltd.
- Reliance General Insurance Co. Ltd.
- Royal Sundaram Alliance Insurance Co. Ltd
- SBI General Insurance Co. Ltd.
- Shriram General Insurance Co. Ltd.
- TATA AIG General Insurance Co. Ltd.

Health Insurance Companies

- Apollo Munich Health Insurance Co.Ltd.
- Star Health Allied Insurance Co. Ltd.
- Max Bupa Health Insurance Co. Ltd.
- Religare Health Insurance Co. Ltd.
- Cigna TTK Health Insurance Co. Ltd.

This collaboration with the foreign markets has made the Insurance Sector in India only grow tremendously with a high current market share. India allowed private companies in insurance sector in 2000, setting a limit on FDI to 26%, which was increased to 49% in 2014. IRDAI states – Insurance Laws (Amendment) Act, 2015 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 26% to an Explicitly Composite Limit of 49% with the safeguard of Indian Ownership and Control.

Private insurers like HDFC, ICICI and SBI have been some tough competitors for providing life as well as non-life products to the insurance sector in India.

The Future of Insurance Sector in India

Though LIC continues to dominate the Insurance sector in India, the introduction of the new private insurers will see a vibrant expansion and growth of both life and non-life sectors in 2017. The demands for new insurance policies with pocket-friendly premiums are sky high. Since the domestic economy cannot grow drastically, the insurance sector in India is controlled for a strong growth.

With the increase in income and exponential growth of purchasing power as well as household savings, the insurance sector in India would introduce emerging trends like product innovation, multi-distribution, better claims management and regulatory trends in the Indian market.

The government also strives hard to provide insurance to individuals in a below poverty line by introducing schemes like the

- Pradhan Mantri Suraksha Bima Yojana (PMSBY),
- Rashtriya Swasthya Bima Yojana (RSBY) and
- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

Introduction of these schemes would help the lower and lower-middle income categories to utilize the new policies with lower premiums in India.

With several regulatory changes in the insurance sector in India, the future looks pretty awesome and promising for the life insurance industry. This would further lead to a change in the way insurers take care of the business and engage proactively with its genuine buyers.

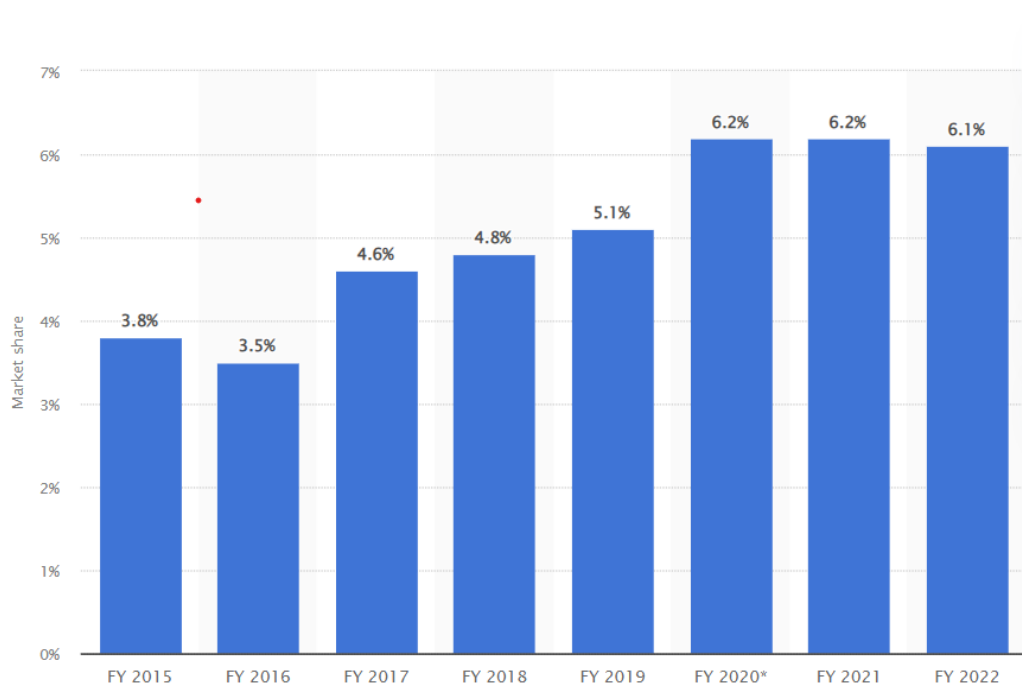
Some demographic factors like the growing insurance awareness of the insurance, retirement planning, growing middle class and young insurable crowd will substantially increase the growth of the Insurance sector in India.

HDFC ERGO contribution in Indian insurance sector

- HDFC ERGO offers products like Motor, Health, Travel, Home and Personal Accident Insurance in the retail space and customized products like Property, Marine and Liability Insurance in the corporate space through its vast network of 200+ branches which is spread across 170+ cities and approx. 9700+ employees and worldwide distribution network



In financial year 2022, the private insurance company HDFC ERGO had a market share of 6.1 percent in the Indian general insurance landscape. This was a slight decrease from previous year. There was a merger between HDFC ERGO General Insurance and HDFC ERGO Health Insurance in November 2020.



Rating

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Subordinated	154.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Total Long-term Instruments	154.00 (Rs. One hundred fifty-four crore only)		

Detailed Rationale & Key Rating Drivers

The rating on the long-term instrument-subordinate bonds of HDFC ERGO General Insurance Company Limited (HEGI) continues to factor in its consolidated position as the second-largest health insurer and third-largest general insurer among the private insurance companies in India. The company had a market share by gross direct premium of about 6.2% in FY21 (refers to the period April 1 to March 31) and 5.9% for the period till December 2021 in FY22 among general insurers. Furthermore, the rating takes comfort from the strategic importance of HEGI, and expectation of support from two of its largest shareholders, namely, HDFC Limited (rated 'CARE AAA / Stable / CARE A1+', 49.98% shareholding as on December 31, 2021) and ERGO International AG (48.99%).

The rating further factors in HEGI's experienced management team, diversified product portfolio with formidable retail franchise, high geographical diversification of business, strong asset quality in its investment book, robust systems, and processes, along with comfortable solvency ratio at 1.70x end-December 2021, well above the statutory minimum of 1.50x as stipulated by Insurance Regulatory and Development Authority of India (IRDAI). Going forward, maintenance of healthy solvency ratio, adequate profitability, and availability of timely parent support would be the key rating sensitivities.

CARE Ratings Ltd has rated the aforesaid subordinated debt considering the regulatory conditions and in view of their sensitiveness to the company's solvency ratio and profitability due to the regulatory covenants during the long tenure of the instrument.

Interest payable on subordinated debt shall be subject to the following:

- The solvency of the issuer remains as per regulatory stipulation.
- Where the impact of such payment may result in net loss or increase the net loss, prior approval of Authority for such payment shall be obtained.

Any delay in the payment of interest/principal (as the case may be) following the invocation of aforementioned covenants would constitute an event of default as per CARE Ratings Ltd's definition of default and as such these instruments may exhibit sharper migration of the rating.

Rating Sensitivities

Going forward, the continued support of the shareholders, maintenance of solvency sufficiently above the regulatory requirement, the ability to maintain growth in business and profitability will be the key rating sensitivities.

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Any material changes in the shareholding pattern resulting in expectation of reduced support.
- Weakness in the capitalisation profile with solvency going below 160%.
- Moderation in premium written on a sustainable basis.

Detailed description of the key rating drivers Key Rating Strengths Strong shareholder support and experienced management team

HEGI is majorly owned by HDFC Limited (49.98%) and ERGO International AG (ERGO) (48.99%), which is a part of the ERGO group owned by Munich Re. HDFC Limited is one of the major finance conglomerates in India. The ERGO group is Germany- based and one of the largest insurance groups in Europe, having presence in 30 countries worldwide.

HEGI receives strong managerial support from HDFC Ltd which is reflected in representation of its directors on HEGI's board. HEGI is headed by Mr Ritesh Kumar who has vast experience of more than three decades in banking and insurance sector and has also been its Managing Director and Chief

Executive Director since January 2008. The board of HEGI is chaired by Mr Keki M. Mistry who is also the vice chairman and chief executive officer of HDFC Ltd. Also, the board of directors has representation from ERGO International AG with Dr Oliver Martin Willmes and Dr Clemens Matthias Muth as the non-executive director of company. Given the fact that the insurance domain occupies strategic importance for HDFC Limited and ERGO International AG, CARE Ratings Ltd expects the promoter support to be forthcoming, if needed.

Healthy market share and formidable retail franchise and robust distribution network

HEGI is one of the largest general insurers in the country with a market share by gross direct premium of around 5.9% for period up to December 2021 in FY22. The company offers a wide range of general insurance products ranging from motor, health, travel, home and personal accident in the retail space and customised products such as property, marine and liability insurance in the corporate space. On a segment-wise basis, the company has a formidable market share by gross direct premium of about 5.2% in health insurance segment and about 5.2% in motor insurance among all general insurance players for period up to December 2021 in FY22.

HEGI follows a multi-geography, multi-product and multi-channel distribution strategy. The largest contributing state to gross direct premium was Maharashtra (24% in 9MFY22) followed by Karnataka (9%), Gujarat (9%), Uttar Pradesh (7%) and Rajasthan (6%). The health insurance segment was a major contributor providing 29% to gross written premium in 9MFY22 followed by motor insurance (26%), weather / crop insurance (19%) and fire insurance (12%). Business sourcing is through diverse channels covering brokers (31% of gross direct premium in 9MFY22), direct business (29%), individual agents (20%), banks (11%), other corporate agents (5%) and others (4%).

Established operations with strong business growth

The general insurance industry grew y-o-y by 11.2% in 9MFY22, while the HEGI's gross direct premium grew 9.2% during the same period. The slower-than-industry growth was due to cautious approach to underwrite health insurance business by HEGI, due to its high loss ratio, which grew by 14.3% compared with industry growth of 28.8% during the same period. The growth in motor insurance remained muted in line with the industry trends due to COVID-induced restriction in movement. The management expects the gross written premium to grow annually by around 15% over the medium term. The growth will be driven by motor and health insurance segments in line with the industry trend, which continue to dominate the overall demand in the general insurance industry.

Adequate solvency ratio

The solvency position of HEGI remains adequate with solvency at 1.70 times as on December 31, 2021, above the statutory minimum of 1.50x as stipulated by IRDAI. End-December 2021, the available solvency margin (ASM) stood at Rs.3,414 crore as against the required solvency margin (RSM) of Rs.2,014 crore. HEGI's solvency ratio is also largely driven by the fact that the company has taken re-insurance for covering risk beyond a threshold limit especially in fire and weather/crop insurance segments that not only help avoiding high claims but also assist in conserving capital. Overall, the solvency levels of HEGI have remained comfortable driven by demonstration of timely parent support coupled with positive internal accruals. Subsequently, CARE Ratings Ltd expects timely and adequate support from the promoters to be forthcoming as and when required.

Key Rating Weaknesses Modest profitability metrics with higher combined ratios

The combined ratio increased to 110% in 9MFY22 from 104% in FY21 driven by high claim pay-out in health insurance segment. The claim pay-out, as measured by the loss ratio, in health insurance sector increased from 85% to 115% during the same period impacted by the pandemic. The combined ratio is expected to moderate over the medium term driven by expected low claim payout in health insurance sector supported by the expected low impact of subsequent COVID waves owing to high vaccination rates. Furthermore, the combined ratio is expected to improve with lower management and operating expenses benefiting from economies of scale with expected increase in the premium written.

Liquidity: Strong

The company's investment philosophy gives due weightage to principles of regulatory compliance, prudent norms and principles of conservatism. The company's liquidity profile is comfortable and is governed by IRDAI (Investment) Regulations, 2016, that require non-life companies to invest 30% of their investment assets in government and approved securities. As on December 31, 2021, the investment assets of HEGI stood at Rs.17,797 crore (Rs.16,643 crore as on March 31, 2021). HEGI held 59% of investment asset in AAA rated securities and 37% of investment asset in the central and state government securities, which, on a combined basis, cover 147% of the total technical liabilities.

Analytical approach: Standalone; factoring in the continued capital support of the promoters, viz., HDFC Limited and ERGO International AG.

About the Company

HDFC ERGO General Insurance Company Limited is promoted by Housing Development Finance Corporation Limited (HDFC Limited). Currently, HDFC Limited is the Indian Promoter and ERGO International AG is the Foreign Promoter of the Company. HDFC ERGO is registered with the Insurance Regulatory and Development Authority of India (IRDAI) as a general insurance company. The company offers complete range of general insurance products ranging from motor, health, travel, home and personal accident in the retail space and customised products like property, marine and liability insurance in the corporate space. In November 2020, the company received approvals from NCLT and IRDAI and completed the merger of HFDC ERGO Health Insurance (HEHI) with HEGI with effect from April 1, 2020.

The ERGO group is Germany-based and one of the largest insurance groups in Europe. The group is represented in around 30 countries worldwide and focuses on the regions of Europe and Asia. ERGO offers a comprehensive range of insurance, pensions, and services.

HDFC Limited is one of the major financial conglomerates in India offering a whole gamut of products, such as loans to individuals, loans to corporates, construction finance, and lease rental discounting. It has subsidiaries and associates in insurance (general and life), asset management, education finance, venture funds and banking services. The company had presence through 651 outlets (including 206 offices of its distribution subsidiary – HDFC Sales Private Limited), as on December 31, 2021.

Brief Financials (Rs. crore)	31-03-2020* (A)	31-03-2021 (A)	9M_FY22 (UA)
Gross Written Premium	9,760	12,444	9,719
PAT	327	592	323
Total Assets	17060	19319	20565
Net NPA (%)	0.32	0.03	0.01
ROTA (% , annualised)	2.3	3.3	2.2

A: Audited; UA: Unaudited

*FY20 financials are based on 11 months of standalone HDFC ERGO General Insurance Company Limited and 1 months of merged entity comprising of HDFC ERGO General Insurance Company Limited and HDFC EGRO Health Insurance Company Limited

HYPOTHESIS TESTING

HYPOTHESIS TESTING

A hypothesis is a testable statement of what the researcher predicts will be the outcome of the study.

Hypothesis is usually considered as the principal instrument in research. Its main function is to suggest new experiments and observations. In fact, many experiments are carried out with the deliberate objects of testing hypothesis.

H0:

HDFC ERGO insurance schemes are not beneficial for the consumer.

H1:

HDFC ERGO insurance scheme is beneficial for the consumer.

From the above Analysis, it is found that from the above given Hypothesis 1 the alternate Hypothesis i.e., H1 “HDFC ERGO insurance scheme is beneficial for the consumer” is found to be true. Hence, accepted whereas null hypothesis i.e., H0 “HDFC ERGO insurance schemes are not beneficial for the consumer” is rejected.

SUGGESTION

SUGGESTION

- Expanding its product portfolio to cater to emerging customer needs.
- Enhancing its distribution channels, including digital channels, to improve customer acquisition and retention.
- Investing in customer service and satisfaction initiatives to improve customer loyalty.
- Focusing on cost optimization and operational efficiencies to improve profitability.
- Exploring strategic partnerships and alliances to enhance market share and competitiveness.

CONCLUSION

CONCLUSION

- After analyzing the data collected we can conclude that is a huge scope and growth in INDIAN INSURANCE SECTOR as the market of insurance in India is untapped and has huge growth opportunities in future.
- By analyzing the data of HDFC ERGO we can conclude that company is offering best and verity of insurance product hence giving tough competition to its competitors. HDFC ERGO is an emerging player in the Indian Insurance Market increasing its market share rapidly.

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