A Project Report on

"A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE OF SBI LIFE INSURANCE AND ICICI PRUDENTIAL LIFE INSURANCE''

Submitted to

Department of Management Sciences & Research (DMSR)

G. S. College of Commerce and Economics, Nagpur(An Autonomous Institution)

Affiliated to:

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfilment for the award of the degree of

Master of Business Administration

Submitted by

Shantanu Akhare

Under the Guidance of

Prof. Shubhangi Jepulkar

Department of Management Sciences and Research

G. S. College of Commerce & Economics, Nagpur

NAAC Accredited "A" Grade Institution

Academic Year 2023-24

Department of Management Sciences and Research
G. S. College of Commerce & Economics, Nagpur
NAAC Accredited “A” Grade Institution

Academic Year 2023-24

CERTIFICATE

This is to certify that **Mr. Shantanu Akhare** has submitted the project report titled, **“A STUDY OF CUSTOMER SATISFACTION AND PREFERENCE WITH SPECIAL REFERENCE TO RELIANCE JIO’’** under the guidance of **Prof. Shubhangi Jepulkar** towards the partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination.

It is certified that he has ingeniously completed his project as prescribedby **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Accredited "A" Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

Prof. Shubhangi Jepulkar — **Dr. Madhuri V. Purohit**

Name of Guide — **(MBA Coordinator)**

Place: Nagpur
Date:

Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur
NAAC Accredited "A" Grade Institution

Academic Year 2023-2024

DECLARATION

I**, Shantanu Akhare** here-by declare that the project with title, **"A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE OF SBI LIFE INSURANCE AND ICICI PRUDENTIAL LIFE INSURANCE''** has been completed by me under the guidance of **Prof. Shubhangi Jepulkar** in partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Accredited "A" Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

This project was undertaken as a part of academic curriculum and has not been submitted for any other examination and does not form the part of anyother course undertaken by me.

Shantanu Akhare

Place: Nagpur

Date:

Academic Year 2023-24

ACKNOWLEDGEMT

With immense pride and sense of gratitude, I take this golden opportunity to

express my sincere regards to **Dr. Praveen J. Mustoor**, Principal, G. S. College of Commerce & Economics, Nagpur.

I tender my sincere regards to the Coordinator, **Dr. Madhuri V. Purohit** for giving me guidance, suggestions and invaluable encouragement which helped me in the completion of the project.

I am extremely thankful to my Project Guide **Prof. Shubhangi Jepulkar** for her guidance throughout the project.

I would like to thank **Dr. Mahesh Chopde** for his constant support & guidance throughout the project.

Last but not the least, I am very much thankful to all those who helped me directly and indirectly in successful completion of my project.

Shantanu Akhare
Place: Nagpur
Date:

INDEX

CHAPTER-I

INTRODUCTION

INTRODUCTION:

1.1 Rationale of the Study

1.2 Introduction to the Industry

1.3 Introduction to the Company

RATIONALE OF THE STUDY:

Why the need for the study?

To compare the companies to identify which company is the market leader.

To understand their financial performance.

What information will the study add?

This research will help in analysis of companies.

This research will make us understand the companies' market share, financial strength and quality of their business.

INTRODUCTION OF THE INDUSTRY:

Insurance is the backbone in managing the risk of the country. The insurance providers offer diversity of products to business, thus ensuring protection from risk thereby guaranteeing financial stability. It helps individual and organization to minimize the consequences of risk which impart significant cause on the growth and development of insurance industry. Insurance plays a key role in stabilizing the economy, trade and commerce.

What is Life Insurance?

(Life Insurance) is defined as a contract between the policy holder and the insurance company, where the life insurance company pays a specific sum to the insured individual's family upon his death. The life insurance sum is paid in exchange for a specific amount of premium.

The Indian Insurance Industry is divided into 2 basic sectors – **Life Insurance** and **Non-life Insurance** (also called **General Insurance**) Both these sectors are regulated by **Insurance Regulatory and Development Authority (IRDA)** of India which is a government body which frames the rules for the entire industry and all insurance companies have to abide by them. IRDA is the policy maker for the entire insurance industry in India and also serves as the custodian of consumers rights.

Growth of Life Insurance Industry

As an industry, insurance is regarded as a slow-growing, safe sector for investors. This perception is not as strong as it was in the 1970s and 1980s. (A Brief Overview of the Insurance Sector). The Indian Insurance has been growing rapidly since 2000, as it was liberalised after more than 50 years of monopoly of LIC, where private life insurers have entered the insurance sector with innovative practices leading to more business. Indian consumers, who have always seen life insurance as a tax saving system, are now suddenly turning to the private sector and snapping up the new innovative products on offer.

The Private players have taken some market share from LIC, and major growth has happened because of market expansions. The Indian Insurance Industry is getting ready for new era, where it is building world-class risk Management capability. The insurance industry has come a long way from being an open competitive market to nationalized then back to a liberalized market in India.

Current market Scenario

According to (Indian Insurance Industry Report, 2021) the insurance industry of India has 57 insurance companies 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. According to (McKinsey, 2007) it was estimated that India is likely to emerge as the fifth largest market in the world by 2025.

In India, most private companies have entered into business with collaboration with established Insurance Companies in the world, both in the life and non-life Insurance Sectors. These global players' skills contribute to the performance of the Indian insurance sector, as it replicates the learning acquired from other industries over a long span of time. The international partner of any insurance firm in India is not allowed to own more than 26% of the shares in Indian insurance company as per IRDA regulations. We have seen big financial groups in India like SBI, ICICI and HDFC enter this pace and become aggressive players.

Other famous corporate groups like the Tata’s, Birla’s and the Ambani’s have also formed insurance companies.

CHAPTER-II

COMPANY PROFILE

INTRODUCTION TO THE COMPANY

For the purpose of the present study, two renowned private life insurance companies namely, ICICI Prudential Life Insurance and SBI Life Insurance were selected. Brief profiles of the selected insurers are as follows:

SBI Life Insurance Company Ltd.

It is a joint venture life insurance company between State Bank of India (SBI), the largest state-owned banking and financial services company in India, and BNP Paribas Cardif. It incorporated October 11, 2000, and received permission from IRDA on March 29, 2001, to carry on the life insurance business. SBI has a 62.1% stake in the company and BNP Paribas Cardif owns a 22% stake. Other investors are Value Line Pte. Ltd. and MacRitchie Investments Pte. Ltd., holding a 1.95% stake each while the remaining 12% is free float stake with public investors.

SBI Life incorporated with an authorized capital of Rs. 2000 crore, while it is paid up capital is Rs.1000 crore. SBI Life, which started its operations with the vision “To be the most trusted and preferred life insurance provider,” initially depended upon the Bancassurance and now is developing its own agency team for selling insurance products. SBI Life’s insurance products include various policies meant to address different needs of different sections of the society. It offers unit-linked, child plans, protection plans, saving plans, retirement, group plans, etc. With customer service excellence and product innovations, the company has been growing year after year. SBI Life Insurance has received many awards and accolades for the work in the field. Following are some of them:

SBI Life Insurance has won ‘Brand of the Year 2016-17’ award in the insurance category

SBI Life Insurance has won ‘Private Sector Life Insurance Company of the Year’ award at Fintelekt Insurance Awards

SBI Life Insurance has won ‘Bancassurance Leader, Life Insurance’ in large companies’ category.

ICICI Prudential Life Insurance Company Limited

It is a life insurance company in India. Established as a joint venture between ICICI Bank and Prudential plc, ICICI Prudential is engaged in life insurance and asset management business. The firm offers long term life insurance plans and is headquartered in Mumbai. In 2016, the firm became the first insurance company in India to be listed in the domestic stock exchanges. ICICI Prudential Life Insurance Company has been promoted jointly by ICICI Bank limited, a leading private sector Indian bank, and Prudential Corporation Holdings Limited by contributing 74% and 23% capital, respectively. It was incorporated on July 20, 2000, and received a certificate of registration from IRDAI to carry out the life insurance business on November 20, 2000. ICICI Life began its operations in financial year 2001 with the vision to build an enduring institution that serves with sensitivity the protection and long-term saving needs of customers. ICICI Prudential Life, known as ICICI Life, has become the first insurance company in India to be listed on the NSE and the BSE in 2017. It offers health insurance, term insurance, savings, and retirement plan for individuals and groups to meet varied needs of the customers.

ICICI Prudential Life Insurance has received many awards and accolades for the work in the field. Following are some of them:

ICICI Prudential Life has received 'Life Insurance Company of the Year' award at India Summit and Awards 2019

ICICI Prudential Life has received 'Life Insurance Provider of the Year' by Outlook Money Awards 2018

ICICI Prudential Life has received 'Best Term Insurance Provider of the Year' award by Money Today Financial Awards 2017-18

ICICI Prudential Life is awarded as 'Best Customer Orientation in Life Insurance' award by Emerging Asia Awards 2018

ICICI Prudential Life is awarded as 'Best Growth in Life Insurance' category by Emerging Asia Awards 2018.

CHAPTER-III

LITERATURE REVIEW

LITERATURE REVIEW

(Naidu & Paramasivan, 2015) highlighted that the measurement of performance of insurance firms become important, because they not only include the money saving and risk transfer process, but also help to properly redirect funds in order to finance investment activities in the economy.

(Joshi & Takodia, 2017) study suggests that all life insurers need to raise understanding on the definition of life insurance and on different life insurance undertakings among investors in order to increase market share and growth in a sector. When looking at Life insurers, they must have adequate weightage for different factors such as the timeliness of pay-out and the sum of their claims, ensure that investors are at the best possible convenience in the settlement, provide integrity and retain strong financial position to draw the interest of investors.

(Kumari, 2013) analysed efficiency assessment of India's post-liberalization life insurance market by using different ratios. The study concluded that India has registered a rise in both insurance penetration and density since Indian insurance market was opened to private firms. India's life insurance spectrum is enormous. The total assets to earned premium ratio, investment income to earned premium ratio and investment income to total investment ratio represent an insurer's economic solidity and reveal the performance with respect to investment decisions.

(Dr.Parmasivan, 2015) has carried out a comparative analysis of insurance providers in India in the public and private Life Insurance Companies. Current ratio and debt equity ratio is estimated to measure the solvency ratio for financial efficiency. The analysis shows that LIC already dominates the market. The new commercial channels of promotion are used by private sector insurance providers in comparison to LIC. The sale of more plan-linked units allows private insurers to capture LIC market share. Private insurers are also better than LIC's solvency and lapse ratios. In comparison with private life insurance the service of death lawsuits was higher for LIC.

(Mishra, 2015) suggest that the current public insurers with ensuring cost-effectiveness should stay competitive also. These public sector firms have taken a range of steps with regard to competition with private sector businesses. But, despite changing their strategy and ideology in the post-Reform era, the government sector companies do need to reassess their current status. Insurance firms must ensure that premium goods are guaranteed at a fair price and companies can reduce the price of the commodity by reducing costs. Success depends on their sustainability, competitiveness, reliability and quality of service performance.

(Bodla, Bodla, & Tondon, 2017) analysed and compared the profits of life insurance firms in India (Public and Private). The 10-year comparison frame for the analysis varied from 2007 and 2016. Seven factors, including Net Premium, Investment income, Underwriting income, asset return, combined ratio, solvency ratio and profits were used for analysis of income and financial results. The analysis showed that the net average premium over the last five years was the highest for ICICI prudential followed by the HDFC Standard and SBI Life, while the lowest premium for the private sector life insurers was mobilized by IDBI Federal. They concluded, too, that in almost every private sector corporation in the past five years, the CAGR's underwriting revenue has decreased.

(Gulati & Jain, 2011) analysed business performance of all life insurers in industry on the basis of various indicators. LIC was the highest rider in all forms of premiums whereas in the private sector, ICICI Prudential Life Insurance led the Insurance Industry followed by SBI Life Insurance and Bajaj Allianz Life Insurance. The study suggested that even after the entry of private sector, the growth of public sector undertaking had not resulted in downfall even after facing numerous opportunities and challenges.

(Bawa & Chattha, 2013) examines the financial performance of Indian life insurance companies by analysing their profitability determinants. Financial Efficiency was calculated using financial ratios such as the current ratio, solvency ratio, equity ratio, and insurance debt ratio. The samples for this analysis are 18 Indian Life Insurers (including 1 public and 17 private life insurers) and the study period is from 2007-08 to 2011-12. According to the report, the public sector LIC is the most liquid of all life insurers. Future General Life Insurance, IDBI, Sahara, Shri Ram Life Insurance, and SBI Life Insurance have a strong cash position in comparison to other private insurers. Life insurers like Aviva, Bajaj Allianz, IDBI, Max Life, Sahara and SBI Life insurance are more solvency-friendly than other insurers. Bajaj Allianz and ICICI Prudential Return on Asset Measurements sounds good.

(Dar & Bhat, 2015) evaluate the financial statements and soundness of selected public and private life insurance companies. The statistical findings of the analysis reveals that there are significant statistical variations in the capital adequacy, revenue, profitability and liquidity roles in selected insurers of public and private life. The overall result reveals that the capital adequacy among selected private life insurers is much greater than the average amount of capital of public life insurer. But the public life insurers surpass the private life insurers in their profitability in the analysis period. The study also showed that public life insurers had a higher liquidity in relation to private life insurers during the examined period.

(Solanki, 2016) examined the profitability of life insurance companies. For measuring the profitability of the companies' various ratios were calculated. The study shows that the private sector life insurances companies should strive to increase its business by issuing more and more policies in order to retain its market share in the competitive scenario.

(Gour & Gupta, 2012) determined the solvency ratio of Indian Life insurance companies for the period of 3 years from 2009-10 to 2011-12. It analysed whether performance of different companies was similar or there was any significant difference. On the basis of solvency ratio, ranks were assigned to different companies which showed that ICICI found the best among selected companies of industry followed by Birla Sun Life, SBI, HDFC and LIC. The paper also observed that solvency of life insures depend on returns received from total investible funds and interest rate.

(Vasavi & Reddy, 2020) analysed that there is a significant difference in the earnings and profitability performance of ICICI Prudential Life Insurance and SBI Life Insurance. The findings suggested that ICICI Prudential Life Insurance outperformed SBI Life Insurance for two indicators of the three indicators chosen for the report. ICICI Prudential Life Insurance has shown itself to be a more stable insurer by having a higher mean valuation for the income on investments ratio and return on equity ratio. Although ICICI Prudential Life Insurance has taken SBI Life Insurance's lead over the whole study period in retaining the higher investment earnings ratio, it is evident that its results include a persistent decrease in its investment earnings ratio.

(Neelaveni, 2012) evaluated the performance of five life insurance companies in the period of 2002-03 in terms of various plans and policies on the basis of annual growth rate. The study concluded that LIC being the public sector insurance provider was lagging behind due to competition faced by private insurers whereas in terms of financial aspects, private life insurance providers were doing well.

CHAPTER-IV

REAEARCH METHODOLOGY

RESEARCH DESIGN:

SAMPLE OF THE STUDY:

The sample for this study includes 2 Indian life insurers namely, ICICI Prudential Life Insurance and SBI Life Insurance.

DURATION OF THE STUDY:

The research analyses the data for 3 years from 2017-18 to 2019-20

SOURCE OF DATA:

This study mainly depends on the secondary data. The relevant and required data were collected from the text books, websites, National and International articles, as well as annual reports of ICICI Prudential Life Insurance and SBI Life Insurance.

TOOLS and TECHINIOUE:

The present study is an analytical study. For the analysis of data in the form of various profitability ratios, liquidity ratio, Persistency Ratio, Solvency Ratio and the statistical tools like T-Test have been employed.

PROBLEM STATEMENT:

The financial performance of insurance companies is crucial for stakeholders, including policyholders, investors, regulators, and the companies themselves. Assessing and comparing the financial performance of major players in the insurance industry provides insights into their operational efficiency, financial health, market competitiveness, and ability to meet long-term obligations. This study aims to compare the financial performance of two leading life insurance companies in India: SBI Life Insurance and ICICI Prudential Life Insurance.

NEED OF STUDY:

The present study is based on secondary data, which has been extracted from different websites, National and International articles as well as annual reports of ICICI Prudential Life Insurance and SBI Life Insurance. To analyse the quantitative data, the ratio analysis has been used. For the purpose of the present study, two renowned private life insurance companies in India namely, ICICI Prudential Life Insurance and SBI Life Insurance are selected. This study aims to examine the profitability performance of ICICI Life and SBI Life during the period 2017-18 to 2019-2020.

OBJECTIVES OF THE STUDY

- The main objective of the present study is to study the financial performance of SBI and ICICI Prudential life insurance companies. The other objectives of the present study are the followings.

- To evaluate the financial soundness, business efficiency and overall performance of SBI Life Insurance and ICICI Prudential Life Insurance.

- To analyse the solvency, profitability and liquidity position of SBI Life Insurance and ICICI Prudential Life Insurance for last three years (i.e. FY 2018 to FY 2020).

HYPOTHESIS OF STUDY:

H(0) - Null Hypothesis: There is no significant difference between Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance.

H(1) – Alternative Hypothesis: There is significant difference between Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance.

LIMITATION OF THE STUDY:

- The data collected for the study depends on published financial statements of the companies which may incorporate some drawbacks.

- The horizon of the study merely confined to very less number of variables as the determinants of insurance company's profitability and measuring financial performance without considering any overall performance measurement tool.

- The data which has been used for the study mainly secondary data, so limitation of secondary data remains with it and also applies to this study.

- The Financial statement study is based on only three years.

CHAPTER-V

DATA ANALYSIS & INTERPRETATION

LIQUIDITY RATIOS:

Liquidity is a very critical part of a business. Liquidity is required for a business to meet its short-term obligations. A higher liquidity ratio represents that the company is highly rich in cash.

Liquidity ratios determine how quickly a company can convert the assets and use them for meeting the dues that arise. The higher the ratio, the easier is the ability to clear the debts and avoid defaulting on payments.

This is a very important criterion that creditors check before offering short term loans to the business. An organization which is unable to clear dues results in creating impact on the creditworthiness and also affects credit rating of the company.

Current Ratios –

Current Ratio also known as the working capital ratio is the most widely used ratio. The current ratio is a measure of a company's ability to pay off the obligations within the next twelve months. This ratio is used by creditors to evaluate whether a company can be offered short term debts. Thus, Current Ratio is a measurement of financial health of enterprise.

Computation: The formula for calculating Current Ratio is:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

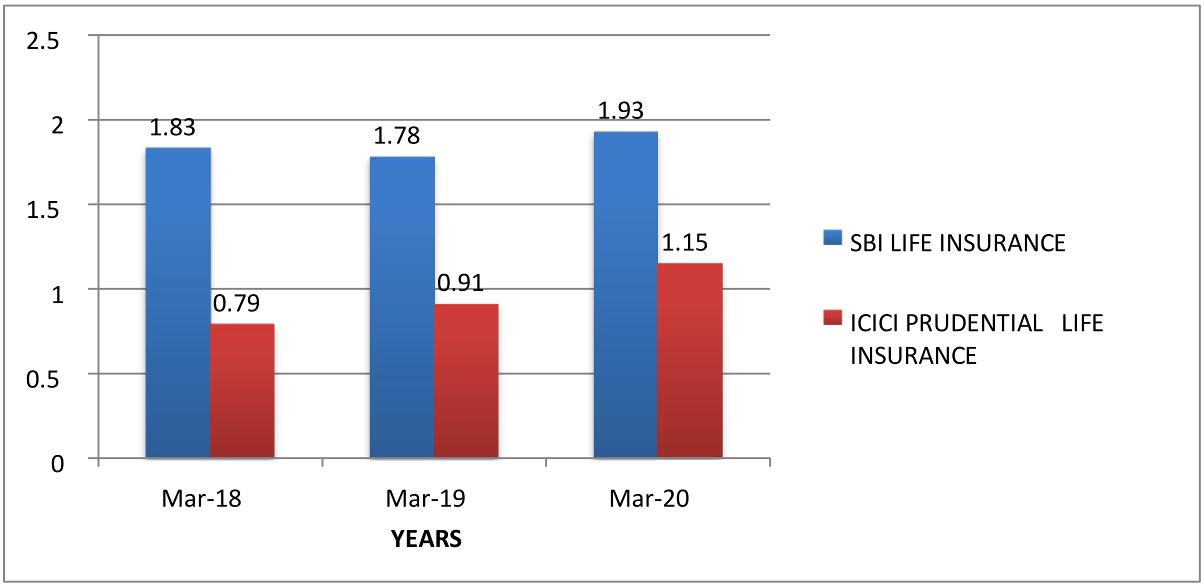
The ideal level of Current Ratio is 2:1. The ratio is considered as safe margin of solvency due to the fact that if the current assets are reduced to half, then also the creditors will be able to get their payments in full.

Significance of Current Ratio

- This financial metric helps to determine a company's immediate financial standing.
- A higher ratio often indicates greater liquidity and more stability.
- The financial tool helps to understand a firm's working capital requirement more effectively.
- It comes in handy for making an informed investment-related decision.

TABLE 1 - CURRENT RATIO		
YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE
MAR 2018	1.83	0.79
MAR 2019	1.78	0.91
MAR 2020	1.93	1.15

GRAPH 1-CURRENT RATIO



Interpretation:

Graph 1 depicts that the current ratio is fluctuating during the study period in the case of SBI Life Insurance. A considerable decline in the current ratio from 1.83 in FY 2018 to 1.78 in FY 2019 and an increase in the ratio from 1.78 in FY 2019 to 1.93 in FY 2020 can be observed from the graph whereas there is a constant increase in the current ratio of ICICI Prudential Life Insurance from FY 2018 to FY 2020 i.e. from 0.79 to 1.15 respectively.

The Current ratio is higher in SBI Life Insurance than ICICI Prudential Life Insurance for all the years during the study period.

Quick Ratios-

Quick Ratio also known as Liquid Ratio is used to determine whether a company or a business has enough liquid assets which are able to be instantly converted into cash to meet short term financial obligations.

Computation: The formula for calculating Quick Ratio is:

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

Quick ratio of 1:1 is an accepted standard, since for every rupee of current liabilities, there is a rupee of quick assets.

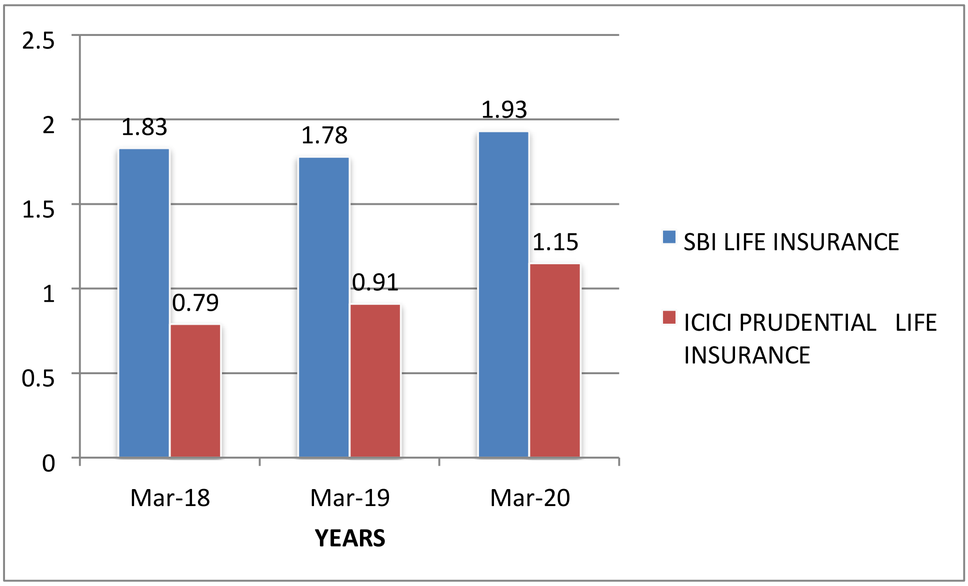
Significance of Quick Ratio:

- It is precisely an indicator of a company's ability or limitation in discharging its debts and obligations. A company's lenders, suppliers and investors rely on quick ratio to determine if it has enough liquid assets for discharging its short-term liabilities.

TABLE 2 - QUICK RATIO

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE
MAR 2018	1.83	0.79
MAR 2019	1.78	0.91
MAR 2020	1.93	1.15

GRAPH 2- QUICK RATIO



Interpretation:

 Graph 2 depicts that the quick ratio is fluctuating during the study period in the case of SBI Life Insurance. A considerable decline in the quick ratio from 1.83 in FY 2018 to 1.78 in FY 2019 and an increase in the ratio from 1.78 in FY 2019 to 1.93 in FY 2020 can be observed from the graph whereas there is a constant increase in the quick ratio of ICICI Prudential Life Insurance from FY 2018 to FY 2020 i.e. from 0.79 to 1.15 respectively.

 The Quick ratio is higher in SBI Life Insurance than ICICI Prudential Life Insurance for all the years during the study period.

PROFITABILITY RATIOS:

The primary objective of each business enterprise is to earn profits. In fact, profit earning is considered essential not only for the survival of the business but is also required for its expansion and diversification. Profitability ratios are a type of accounting ratio that helps in determining the financial performance of business at the end of an accounting period.

Profitability ratios show how well a company is able to make profits from its operations.

I. Net Profit Ratio (%) –

This ratio establishes the relationship in terms of percentage between Net Profit and Revenue from Operations, i.e., Net Sales. It shows the percentage of Net Profit earned on Revenue from Operations.

Computation: The formula for calculating Net Profit Ratio is:

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Revenue from Operations}} \times 100$$

Higher the net profit ratio, better the business.

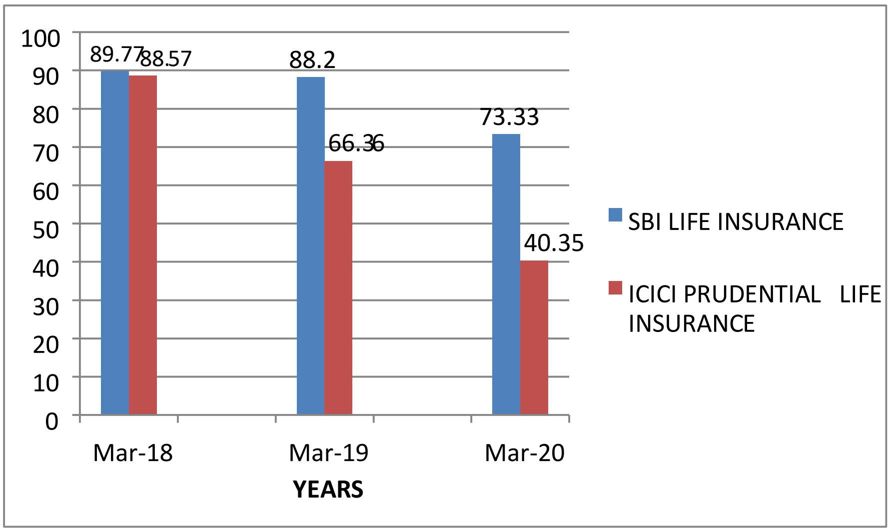
Significance of Net Profit Ratio:

- Investors, shareholders and business owners can review the firm's net profit margin to analyse its growth trends effectively.
- Net Profit Ratio is an indicator of overall efficiency of the business.

TABLE 3-NET PROFIT RATIO (%)

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE
MAR 2018	89.77	88.57
MAR 2019	88.20	66.36
MAR 2020	73.33	40.35

GRAPH 3- NET PROFIT RATIO (%)



Interpretation:

Graph 3 depicts that there is a considerable decline in the Net Profit Ratio from 89.77% in FY 2018 to 73.33% in FY 2020 in the case of SBI Life Insurance and from 88.57% in FY 2018 to 40.35% in FY 2020 in the case of ICICI Prudential Life Insurance.

The Net Profit Ratio is higher in SBI Life Insurance than ICICI Prudential Life Insurance for all the years during the study period.

PERSISTENCY RATIO (%)

Persistency is a key parameter for insurance companies. It measures the proportion of policy holders who have continued with their policies. It indicates the ability of the Company to retain customers. In India, the persistency ratios are published for the 13^{th} month, 25^{th} month, 37^{th} month, 49^{th} month and 61^{st} month as majority of savings regular premium policies have a minimum 5-year premium payment period.

Computation: The formula for calculating Persistency Ratio is:

$$\text{Persistency Ratio} = \frac{\text{Number of Policyholders Paying the Premium}}{\text{Net Active Policyholders}} \times 100$$

Higher Persistency Ratio indicates a large pool of satisfied customers

Lower Persistency Ratio indicates inability to retain customers.

Significance of Persistency Ratio:

- It's important for insurers to maintain a persistent book as it contributes to profitability.
- It gauges the trust customer have in long-term products and services being offered by the insurer.

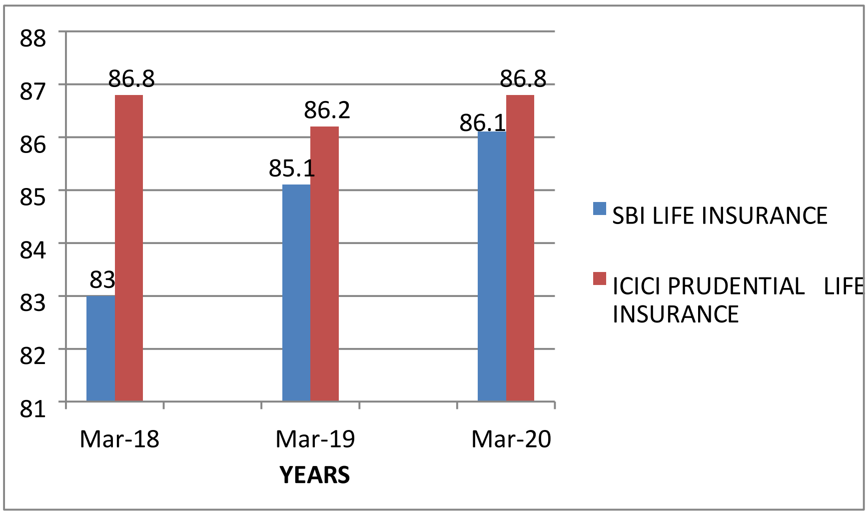
I. PERSISTENCY RATIO% [13TH MONTH] –

The 13th month persistency measures the renewal premium paid by the policyholder at the commencement of the second year.

It reflects the quality of the sale made by the company.

TABLE 4- PERSISTENCY RATIO % [13TH MONTH]		
YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE
MAR 2018	83.0	86.8
MAR 2019	85.1	86.2
MAR 2020	86.1	86.8

GRAPH 4- PERSISTENCY RATIO % [13TH MONTH]



Interpretation:

Graph 4 depicts that the 13th month persistency ratio (based on premium) has increased from 83% in FY 2018 to 86.1% in FY 2020 in case of SBI Life Insurance while it is almost stagnant with the value of 86.8% from FY 2018 FY 2020 in the case of ICICI Prudential Life Insurance. The 13th month persistency ratio is higher in ICICI Prudential Life Insurance than SBI Life Insurance for all the years during the study period.

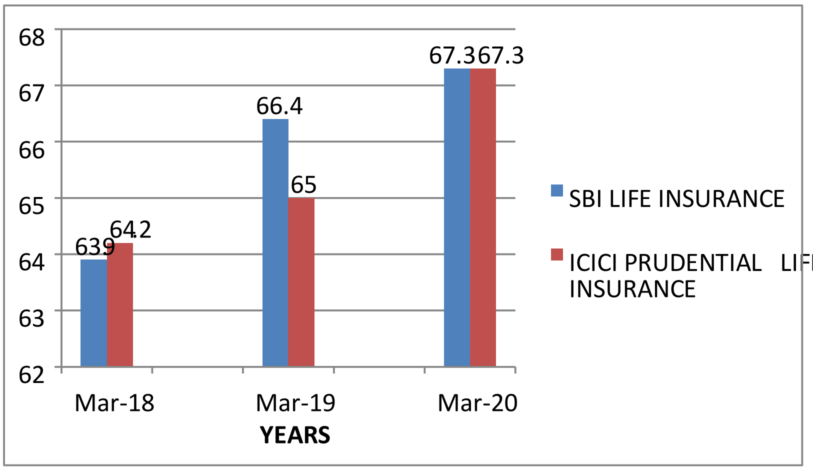
II. PERSISTENCY RATIO% [49TH MONTH] -

The 49th month persistency measures the renewal premium paid by the policyholder at the commencement of the fourth year.

The 49th month talks about the ability of the Insurance Companies to retain their customers.

TABLE 5- PERSISTENCY RATIO % [49TH MONTH]		
YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE
MAR 2018	63.9	64.2
MAR 2019	66.4	65.0
MAR 2020	67.3	67.3

GRAPH 5- PERSISTENCY RATIO % [49TH MONTH]



Interpretation:

Graph 5 depicts that the 49th month persistency ratio (based on premium) has increased from 63.9% in FY 2018 to 67.3% in FY 2020 in case of SBI Life Insurance and from 64.2% in FY 2018 to 67.3% in FY 2020 in the case of ICICI Prudential Life Insurance.

The 49th month persistency ratio is lower in SBI Life Insurance in the FY 2018, it becomes higher than ICICI Prudential Life Insurance in the FY 2019 and then becomes equal to ICICI Prudential Life Insurance in the FY 2020

SOLVENCY RATIO (%)

Solvency is a regulatory measure of capital adequacy. It is critical in determining any organization's ability to meet future contingencies and fund growth plans. It defines how good or bad an insurance company's financial situation is on defined solvency norms. IRDAI mandates a minimum solvency ratio of 150% to minimise bankruptcy risk. (Khatri, 2017)

Computation: The formula for calculating Persistency Ratio is:

$$\text{Solvency Ratio} = \frac{\text{Available Capital}}{\text{Required Capital}}$$

Higher the solvency ratio, the greater the chances of policyholders claim getting paid.

Lower Solvency ratio indicates inability of the Company to pay claims and meet future contingencies.

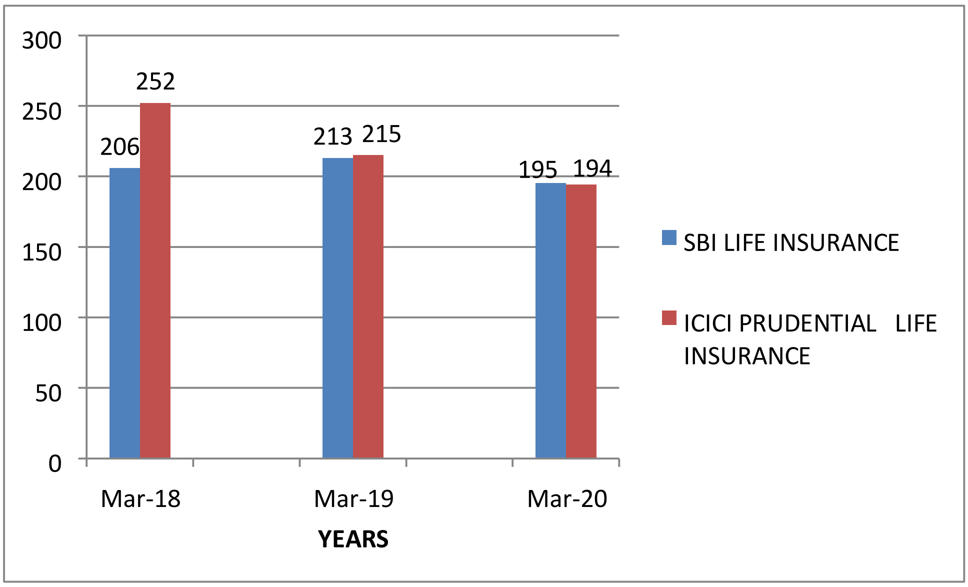
Significance of Solvency Ratio:

- Solvency ratio is an indicator of a company's financial capacity to meet both short-term and long-term liabilities
- Solvency ratio helps identify whether the company has enough buffer to settle all claims in extreme situations.

TABLE 6- SOLVENCY RATIO (%)

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE INSURANCE
MAR 2018	206	252
MAR 2019	213	215
MAR 2020	195	194

GRAPH 6- SOLVENCY RATIO %



Interpretation:

Graph 6 depicts that the solvency ratio of SBI Life Insurance witnessed an increasing trend from 206% in the period 2017- 2018 to 213% in the period 2018- 2019, but in the period 2019-2020 that trend got reversed and the ratio declined to 195% whereas there is a constant decrease in the solvency ratio of ICICI Prudential Life Insurance from 252% in FY 2018 to 194% in FY 2020.

The Solvency ratio is higher in ICICI Prudential Life Insurance for the FY 2018 and FY 2019 by 46% and 2% respectively whereas it is lower than SBI Life Insurance for the FY 2020 by 1%.

	SBI LIFE INSURANCE	*ICICI PRUDENTIAL LIFE INSURANCE*
Mean	1.846667	0.95
Variance	0.005833	0.0336
Observations	3	3
Pearson Correlation	0.785714	
Hypothesized Mean Difference	0	
Df	2	
t Stat	11.76255	
P(T<=t) one-tail	0.003575	
t Critical one-tail	2.919986	
P(T<=t) two-tail	0.00715	
t Critical two-tail	4.302653	

Results

Since p is less than p< 0.05, H0 is rejected and hence it is proved that there is a significant difference between Current Ratio of SBI Life Insurance and ICICI Life Insurance.

CHAPTER-VI

FINDINGS & SUGGESTIONS

FINDINGS:

- The Insurance Sector is growing and grooming from subsequent past years considering their achievements and financial reports of both the companies.

- The Current Ratio of ICICI Prudential Life Insurance indicates that current liabilities of the enterprise are greater than their current asset which means that the enterprise would be unable to meet its short –term financial obligations if they become due. ICICI Prudential is not in a good financial health.

- The Current Ratio of SBI Life Insurance indicates that the current liabilities of the enterprise are lower than their current asset which means that the enterprise would be able to meet its short –term financial obligations if they become due. SBI Life Insurance gives the evidence of sound liquidity position.

- SBI Life Insurance has higher Current Ratio than ICICI Prudential Life Insurance during the study period which shows that SBI Life Insurance has better Liquidity Position than ICICI Prudential Life Insurance.

- Since p is less than $p< 0.05$, H0 is rejected and hence it is proved that there is a significant difference between Current Ratio of SBI Life Insurance and ICICI Life Insurance.

SUGGESTIONS:

- It is suggested to ICICI Prudential Life Insurance to raise extra finance to meet their short-term financial obligations.

- In my opinion, it will be beneficial to both the companies if they cut down their expenses to increase their net profit as the study shows decline in their Net Profit Ratio during the study period of 3 years.

- Both the companies should look for the factors which are leading to deterioration of their operational efficiency and taking necessary measures to counter them.

- Since p is less than $p < 0.05$, H0 is rejected and hence it is proved that there is a significant difference between Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance.

CHAPTER-VII

CONCLUSION

CONCLUSION:

The study has aimed to examine the financial performance of Indian life insurance companies i.e. SBI Life Insurance and ICICI Prudential Life Insurance through analysing the determinants of their profitability. Performance of companies can affect economy as a whole and therefore it requires empirical analysis to judge the performance. For measuring financial performance, financial ratios such as Liquidity Ratio, Profitability Ratio, Persistency Ratio and Solvency Ratio have been calculated. T-Test was also conducted to check if there was a significant difference between the Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance. The study evaluated that SBI Life Insurance have sound liquidity position and ICICI Prudential Life Insurance is not in a good financial health. Profitability measure of SBI
Life Insurance is better than ICICI Prudential Life Insurance. But there is a decline in the Profitability Ratio during the study period which shows deterioration in the operational efficiency of both the firms. Hence, both the firms needs to adopt immediate corrective measures to arrest the downfall in the ratio .As far as 13^{th} persistency ratio is concerned the performance of ICICI Prudential Life Insurance is better than that of SBI Life Insurance but it can be seen that SBI Life Insurance is trying to increase their ratio over the previous years and has reached very near to the ratio of ICICI Life Insurance in FY 2020.Both the companies are at equal position in terms of 49^{th} month persistency ratio for the FY 2020 which shows that SBI Life Insurance is equally cable to retain their customers than that of ICICI Prudential Life Insurance and is better in FY 2019 . From the analysis of T-Test results, it is clear that there is a significant difference between Current Ratio of SBI Life Insurance and ICICI Prudential Life Insurance. Thus, in the light of above findings, it can be concluded that SBI Life Insurance is performing better than ICICI Prudential Life Insurance.

CHAPTER-VIII

REFERENCES

REFERENCES

- https://www.moneycontrol.com/financials/iciciprudentiallifeinsurancecomp
- SBI Life Insurance Company Balance Sheet, SBI Life Insurance Company Financial Statement & Accounts (moneycontrol.com)
- https://www.sbilife.co.in/sites/SBILife/Annual-Report/FY2019-
- https://www.iciciprulife.com/about-us/investor-relations/financialinformation.html
- https://en.wikipedia.org/wiki/ICICI_Prudential

ANNEXURE:

SBI Life Insurance Company Ltd. Profit & Loss Account (in Rs. Cr.)	Mar 20	Mar 19	Mar 18
	12 months	12months	12 months
INCOME			
Revenue From Operations [Gross]	1,939.35	1,504.16	1,281.47
Less: Excise/Service Tax/Other Levies	0.00	0.00	0.00
Revenue From Operations [Net]	1,939.35	1,504.16	1,281.47
Total Operating Revenues	1,939.35	1,504.16	1,281.47
Other Income	6.79	13.54	11.47
Total Revenue	1,946.14	1,517.70	1,292.93
EXPENSES			
Cost Of Materials Consumed	0.00	0.00	0.00
Operating And Direct Expenses	0.00	0.00	0.00
Changes In Inventories Of FG,WIP And Stock-In Trade	0.00	0.00	0.00
Employee Benefit Expenses	0.00	0.00	0.00
Finance Costs	0.00	0.00	0.00
Depreciation And Amortisation Expenses	0.39	0.62	0.30
Other Expenses	524.19	128.29	107.43
Total Expenses	532.59	144.83	108.47
Profit/Loss Before Exceptional, Extra Ordinary Items And Tax	1,413.55	1,372.86	1,184.46
Exceptional Items	0.00	0.00	0.00
Profit/Loss Before Tax	1,413.55	1,372.86	1,184.46
Tax Expenses-Continued Operations			
Current Tax	-8.63	46.07	34.07
Less: MAT Credit Entitlement	0.00	0.00	0.00
Deferred Tax	0.00	0.00	0.00
Tax For Earlier Years	0.00	0.00	0.00
Total Tax Expenses	-8.63	46.07	34.07
Profit/Loss After Tax And Before Extra-Ordinary Items	1,422.18	1,326.80	1,150.39
Profit/Loss From Continuing Operations	1,422.18	1,326.80	1,150.39
Profit/Loss For The Period	1,422.18	1,326.80	1,150.39
OTHER ADDITIONAL INFORMATION			
EARNINGS PER SHARE			
Basic EPS (Rs.)	14.22	13.27	11.50
Diluted EPS (Rs.)	14.22	13.27	11.50
VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIALS STORES, SPARES AND LOOSE TOOLS			
Imported Raw Materials	0.00	0.00	0.00
Indigenous Raw Materials	0.00	0.00	0.00
STORES, SPARES AND LOOSE TOOLS			
Imported Stores And Spares	0.00	0.00	0.00
Indigenous Stores And Spares	0.00	0.00	0.00
DIVIDEND AND DIVIDEND PERCENTAGE			
Equity Share Dividend	0.00	200.00	200.00
Tax On Dividend	0.00	41.11	40.72

ICICI Prudential Life Insurance Company Ltd. Balance Sheet (in Rs. Cr.)	Mar 20	Mar 19	Mar 18
	12 months	12 months	12 months
EQUITIES AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Equity Share Capital	1,435.86	1,435.78	1,435.50
Total Share Capital	1,435.86	1,435.78	1,435.50
Reserves and Surplus	5,782.76	5,587.63	5,427.46
Total Reserves and Surplus	5,848.28	5,610.95	5,448.95
Total Shareholders Funds	7,284.14	7,046.74	6,884.45
NON-CURRENT LIABILITIES			
Long Term Borrowings	0.00	0.00	0.00
Deferred Tax Liabilities [Net]	0.00	0.00	0.00
Other Long Term Liabilities	57,383.98	48,679.61	39,176.87
Long Term Provisions	88,036.75	103,699.85	92,312.36
Total Non-Current Liabilities	145,420.73	152,379.47	131,489.23
CURRENT LIABILITIES			
Short Term Borrowings	0.00	0.00	0.00
Trade Payables	0.00	0.00	0.00
Other Current Liabilities	3,302.86	3,638.62	3,425.41
Short Term Provisions	27.53	25.51	22.18
Total Current Liabilities	3,330.39	3,664.13	3,447.60
Total Capital And Liabilities	156,035.26	163,090.33	141,821.28
ASSETS			
NON-CURRENT ASSETS			
Tangible Assets	457.27	462.76	404.48
Intangible Assets	0.00	0.00	0.00
Capital Work-In-Progress	20.35	12.86	17.58
Other Assets	0.00	0.00	0.00
Fixed Assets	477.62	475.62	422.06
Non-Current Investments	151,256.20	159,008.54	138,540.11
Deferred Tax Assets [Net]	0.00	0.04	0.05
Long Term Loans And Advances	463.09	270.19	145.06
Other Non-Current Assets	0.00	0.00	0.00
Total Non-Current Assets	152,196.90	159,754.39	139,107.28
CURRENT ASSETS			
Current Investments	0.00	0.00	0.00
Inventories	0.00	0.00	0.00
Trade Receivables	0.00	0.00	0.00
Cash And Cash Equivalents	810.56	661.02	203.74
Short Term Loans And Advances	3,027.80	2,674.92	2,510.26
Other Current Assets	0.00	0.00	0.00
Total Current Assets	3,838.36	3,335.94	2,714.00
Total Assets	156,035.26	163,090.33	141,821.28