

## FINANCIAL PERFORMANCE OF LIFE INSURANCE COMPANIES IN INDIA

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### Abstract

A life insurance policy is an agreement between an insurer(individual) and policyholder in which the insurer guarantees a sum of money to the policyholder or their nominee in the event of the uncertainty. This study aims to carry out an analysis of data and, interpretation performance of selected both public and private life insurance companies in India. All the 24 life insurance companies in India, but the studies cover only four companies for the period from 2020-21 to 2024-2025. The Information of data collected from online resources and the annual reports of the respected companies and websites. To analyse the data and interpret earnings per share, net profit, total annual sales, incomes, expenditures, net profit margin ratio, asset turnover ratio, net cash flow, debt equity ratio, current ratio, and return on capital employed. Life Insurance Corporation of India (LIC) has better performance and financial stability compared to other insurers. The study suggests that HDFC and ICICI Prudential Life Insurance companies should focus on new innovative policies, creating specialised products and building strong distribution networks. Market expansion for both companies was required to encourage healthy competition and innovation, which can result in better performance and benefit the consumers in the life insurance sector in India.

**Keywords:** Life Insurance, Premium, Claim Settlement, IRDAI, Policy Holder and Insurer.

### 1. INTRODUCTION

All the life insurance companies are providing better financial services and performance in India. Human life is uncertain. The rule of uncertainty applies to the lives of all people. Losses cannot be eliminated, but can be minimised. The loss due to the uncertainty of life can be covered by buying a life insurance policy.

Policy is an agreement between an individual policyholder and an insurance company in which the insurer guarantees a sum of money to the beneficiary or nominee in the event of the uncertainty of insured.

It provides financial security and savings to the policyholders or family in the event of due to uncertainty or disability of the insured and helps them meet their financial needs and obligations. Until 1999, the companies in India were a monopoly of the Life Insurance Corporation of India. The nationalisation of the life insurance sector in 1956 marked a significant milestone in the development of the insurance companies in India, taking over the operation of 24 life insurance companies.

The Indian life insurance market was opened to private players in 1999, and the Insurance Regulatory and Development Authority of India (IRDAI) was established to regulate the

insurance market. Public and private sector companies had to leverage their strengths to give both sectors' players a run for their money. Privatisation has brought rapid changes in the life insurance sector, and most of the private companies are joint ventures with globally recognised foreign players. Customers are the backbone of the life insurance sector.

Every life insurance company tries to attract and retain existing customers to keep its profit high. Currently, there are 24 life insurance companies operating in India; the studies selected only 4 life insurance companies for the period from 2020-21 to 2024-25. All the data of information collected from the annual reports of respected life insurance companies, company websites and [moneycontrol.com](http://moneycontrol.com). This study analyses data and interpretation of the financial performance of ICICI Prudential Life Insurance, HDFC, SBI and LIC of India.

## 2. REVIEW OF LITERATURE

Financial performance of Life Insurance Companies in India. Occasionally, new research articles are found in research journals and reports in this area.

Despite its significance, it could not attract much attention from researchers in India as it deserves. However, in this section, an attempt has been made to review the studies made by researchers in this area.

The findings of such research studies are presented in the following paragraphs.

1. Murthy R. Babu and Ansari D. (2009), in their study "The performance of Life Insurance Corporation of India", due to the globalisation of financial services and liberalisation of the economy, LIC is facing the intensive competition from the new life insurance players. The objectives of the study are to analyse the growth and development of the LIC business before and after liberalisation.

There is no doubt that the Indian life insurance industry has grown significantly after the entry of private players the meanwhile, the market share of LIC has declined gradually over a period of years. The study has suggested that LIC should adopt:

- An effective marketing strategy with innovative products.
- The better customer service to satisfy existing policyholders.
- Should attract new customers to increase insurance-density levels in order to fulfil customer needs and meet their expectations of the Indian insurance market.

2. Sharma and Chowhan (2013) in the research paper "A comparative Study of Public and Private Life Insurance", made an attempt to analyse the performance of public and private life insurance companies in India.

Researchers concluded that with the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product features to attract customers.

3. Sonal Nena (2013), in her study- “Performance Evaluation of Life Insurance Corporation of India”, has tried to analyse the growth and performance of LIC. She analysed the major source of income (premium earned) of the LIC, as well as the significant heads of expenses of LIC, and has been successful in terms of creating value for its policyholders. The performance evaluation also showed a consistent increase in its business.
4. Dharmendra Singh (2011) “Factors affecting customers' preferences for life Insurers: An Empirical Study”, exposes that quick claim settlement, better complaint redressal, and convenient payment system are the important factors that influence the policyholder's satisfaction.

### **3. OBJECTIVES OF LIFE INSURANCE COMPANIES**

1. To determine the financial performance of selected life insurance companies during the period taken under the study.
2. To analyse the position of income and expenditure, earnings per share, net profit and current ratio of selected life insurance companies.
3. To conduct business with utmost economy and with the full realisation that the money belongs to the policyholders.

### **4. SCOPE OF THE STUDY**

1. The scope of the study focuses on only four life insurance companies
  - ICICI Prudential Life Insurance Company
  - HDFC Life Insurance Company
  - Life Insurance Corporation of India
  - SBI Life Insurance Company
2. For the purpose of analysis, the data from 2020-21 to 2024-25 has been considered.
3. It covers both public and private sector life insurance companies in India.
4. Financial performance and Profitability of the individual sectors.

### **5. PROBLEMS OF THE STUDY**

1. Delay in claim settlements of the policyholder.
2. Low awareness and under penetration.
3. Product complexity and Agent-related issues.
4. Regulatory complexity and Compliance.
5. Building and maintaining trust.

## 6. LIMITATION OF STUDY

1. Secondary data are used in the study.
2. All the data is taken from online resources and concern companies' annual reports.  
So, analysis of data and interpretation based on that report.

## 7. RESEARCH METHODOLOGY

The research methodology basically, secondary data in this study, which consisted of annual reports of the concerned years of selected insurance companies in India, online sources and annual reports of SBI, HDFC, LIC and ICICI Prudential Life Insurance and published papers in various journals. After obtaining the data, it has been analysed and interpreted.

Data prove that Liberalisation, Privatisation and Globalisation (LPG) is having a positive influence on all life insurance companies in India and their performance. The changes are the major factors for increasing the business.

## 8. SOURCES OF DATA COLLECTION

The data has been collected through primary and secondary sources

1. Primary data
  - Discussion with the branch managers.
2. Secondary data
  - Online resources and company publications published Annual reports were used for study purposes.
  - The data was analysed through different tables and charts for the selected insurance companies.

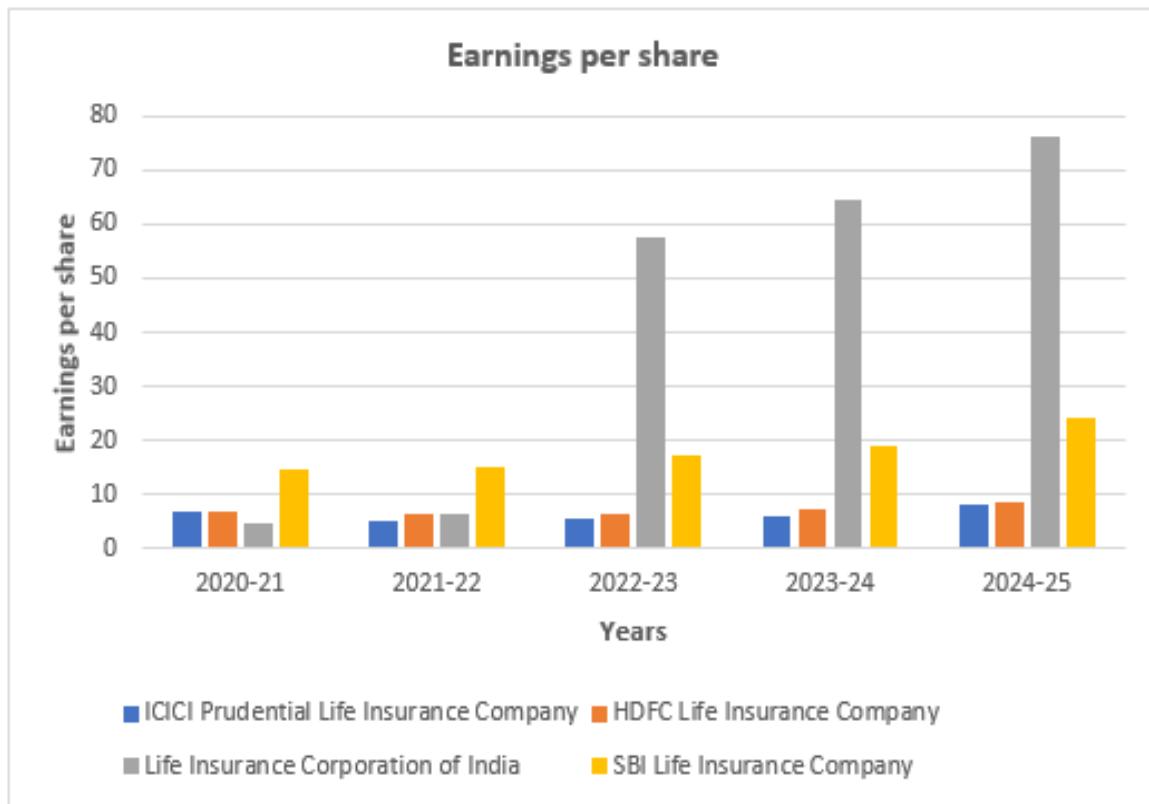
## 9. DATA ANALYSIS AND INTERPRETATION

### Earnings per share

**Table 1.1: shows the Earnings per share**

Earnings per share	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	6.66	5.28	5.66	5.91	8.21
HDFC Life Insurance Company	6.74	6.49	6.41	7.32	8.41
LIC of India	4.59	6.39	57.55	64.69	76.13
SBI Life Insurance Company	14.56	15.06	17.19	18.92	24.09

Source: Secondary data



**Chart 1.1: shows the position of Earnings per share of selected insurance companies, which are as follows.**

### Interpretation

This chart shows that all the above-stated insurance companies' EPS are increasing. ICICI Prudential Life Insurance Company was reduced to 5.28 in 2022 from 6.66 in 2021. But it has recovered 8.21 in the year 2025. Life Insurance Corporation of India is the highest EPS (76.13) in the year 2025.

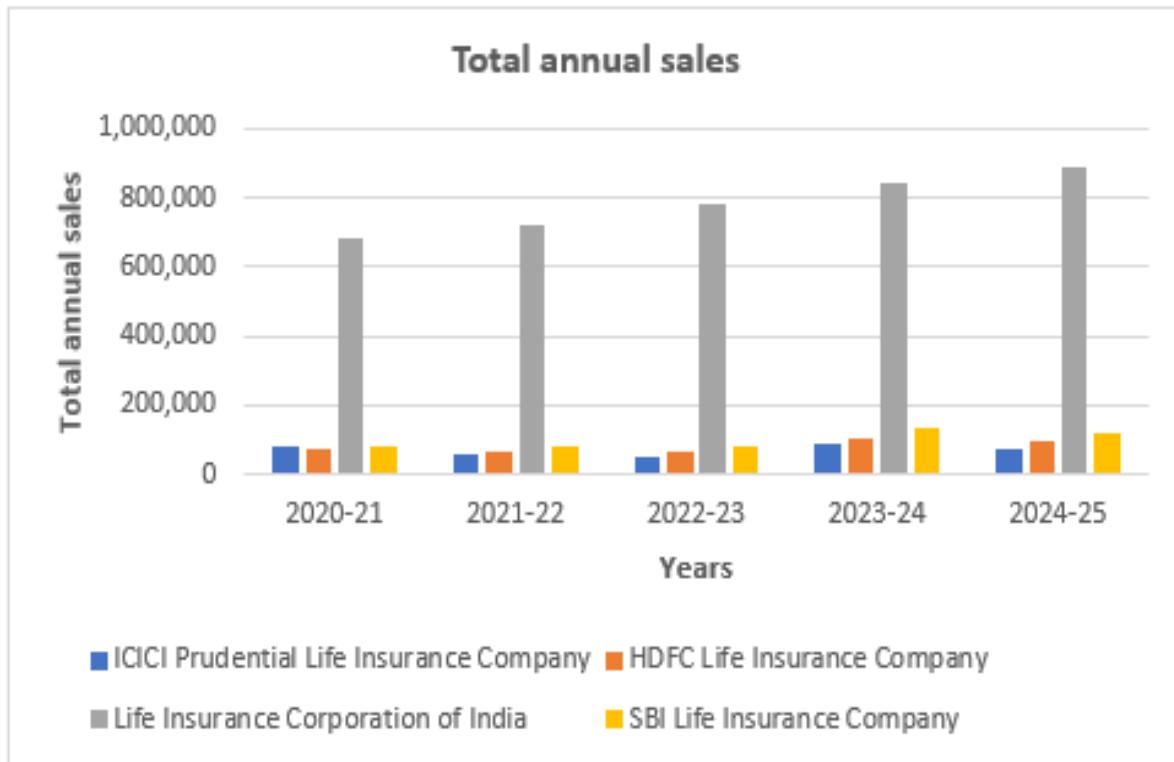
It increased gradually from the year 2021 to 2025. Finally, LIC of India, SBI and HDFC Life Insurance Company's EPS increased gradually year by year compared to the ICICI Prudential Life Insurance Company.

### Total Annual Sales

**Table 1.2: shows the Total annual sales (Rs. In crores)**

Total annual sales	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	83,181	62,305	49,404	89,683	70,778
HDFC Life Insurance Company	71,482	67,125	70,207	1,01,481	96,921
LIC of India	6,81,628	7,20,514	7,81,542	8,42,708	8,86,763
SBI Life Insurance Company	81912	82,983	80,635	1,31,987	1,16,888

Source: Secondary data



**Chart 1.2: shows the position of the Total annual sales of selected insurance companies are shown below.**

### Interpretation

This chart shows that all selected insurance companies of total sales are increasing. ICICI Prudential Life Insurance Company reduced to 49,404 in the year 2023, but also increased to 89,683 in the year 2024.

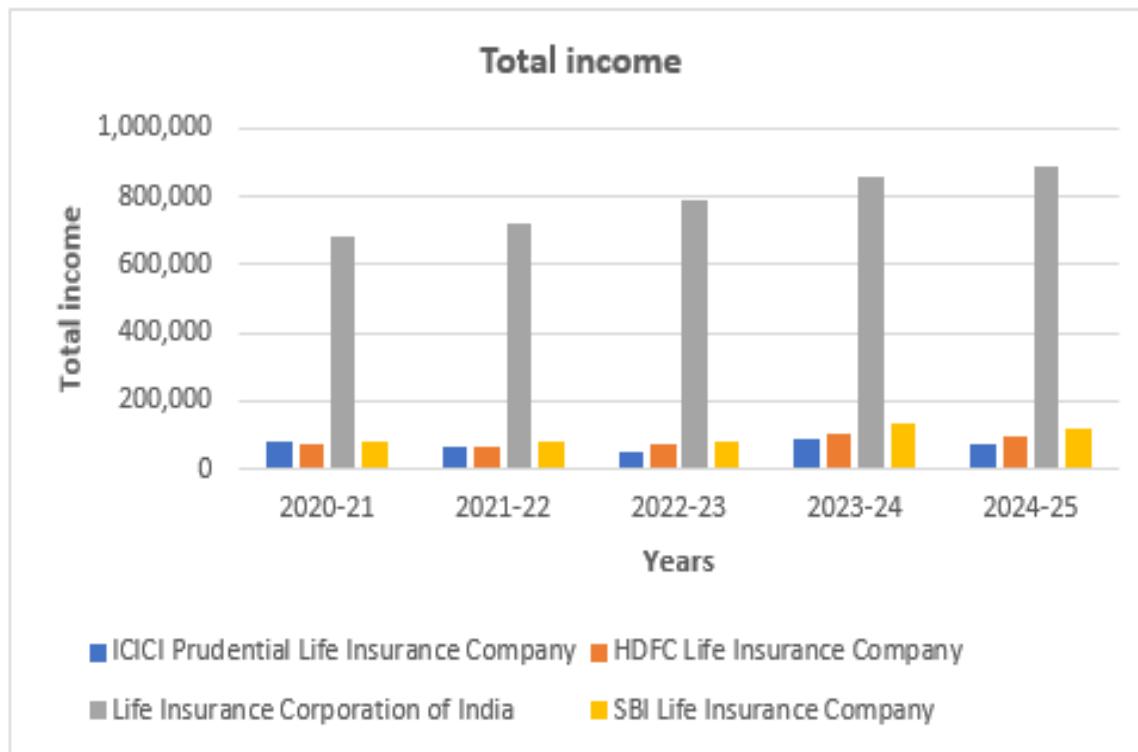
The Life Insurance Corporation of India had the highest total sales of 8,86,763 in 2025. LIC of India, SBI and HDFC Life Insurance Companies the total sales are increased gradually year by year compared to the ICICI Prudential Life Insurance Company.

### Total Income

**Table 1.3: shows the Total income (Rs. In Crores)**

Total Income	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	84,851	64,590	51,371	91,712	71,036
HDFC Life Insurance Company	71,297	67,891	71,644	1,02,006	97,287
LIC of India	6,82,227	7,21,303	7,89,203	8,57,369	8,90,139
SBI Life Insurance Company	82,779	84,015	82,393	1,33,665	1,18,234

Source: Secondary data



**Chart 1.3: shows the Total income of selected insurance companies, which are as follows.**

### Interpretation

This chart shows that all selected insurance companies of total incomes are increasing. ICICI Prudential Life Insurance Company reduced to 51,371 in the year 2023 but also increased to 91,712 in the year 2024.

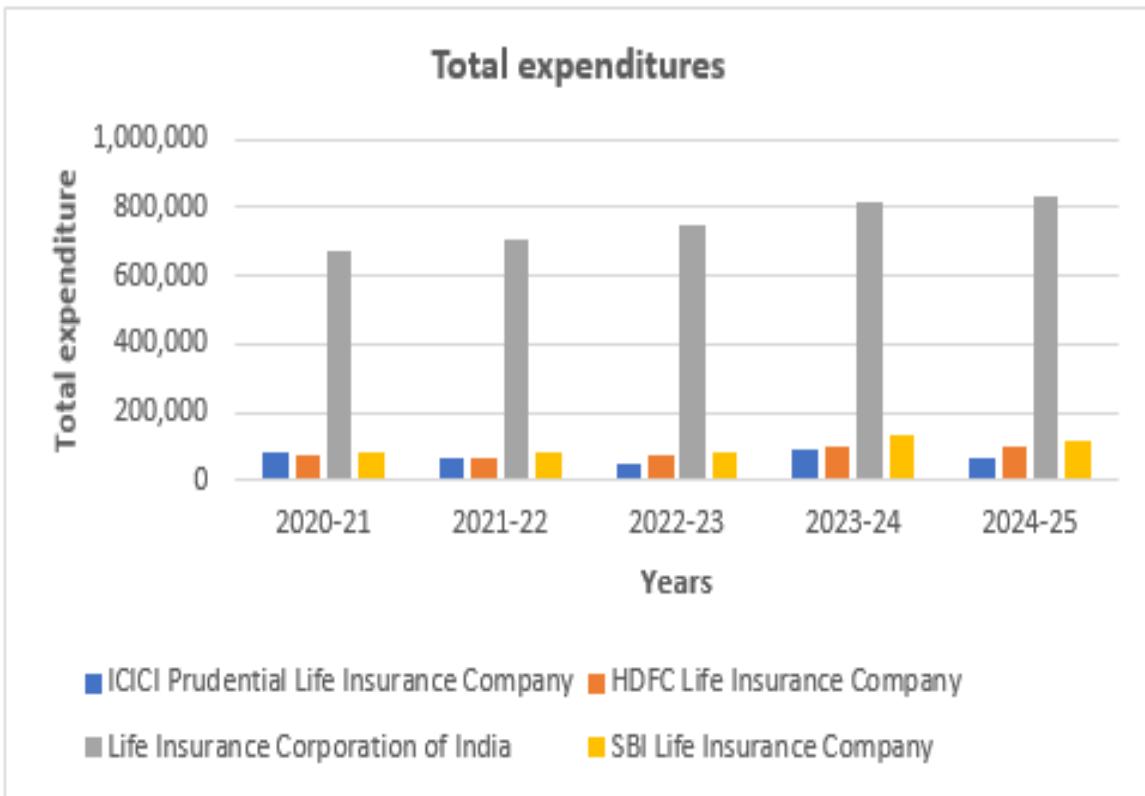
The Life Insurance Corporation of India has the highest total income of 8,90,139 in 2025. LIC of India, SBI and HDFC Life Insurance Companies have increased gradually year by year compared to the ICICI Prudential Life Insurance Company.

### Total Expenditure

**Table 1.4: shows the Total expenditure (Rs. In Crores)**

Total expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	83,478	63,485	49,888	90,944	69,626
HDFC Life Insurance Company	70,173	66,441	70,230	1,00,973	95,921
LIC of India	6,71,217	7,07,442	7,45,615	8,15,944	8,33,627
SBI Life Insurance Company	81,002	81,425	80,328	1,31,384	1,15,287

Source: Secondary data.



**Chart 1.4: shows the position of total expenditure of four insurance companies are shown below.**

### Interpretation

This chart shows that all selected insurance companies of total expenditures are increasing. ICICI Prudential Life Insurance Company reduced to 49,888 in the year 2023, but also increased to 90,944 in the year 2024.

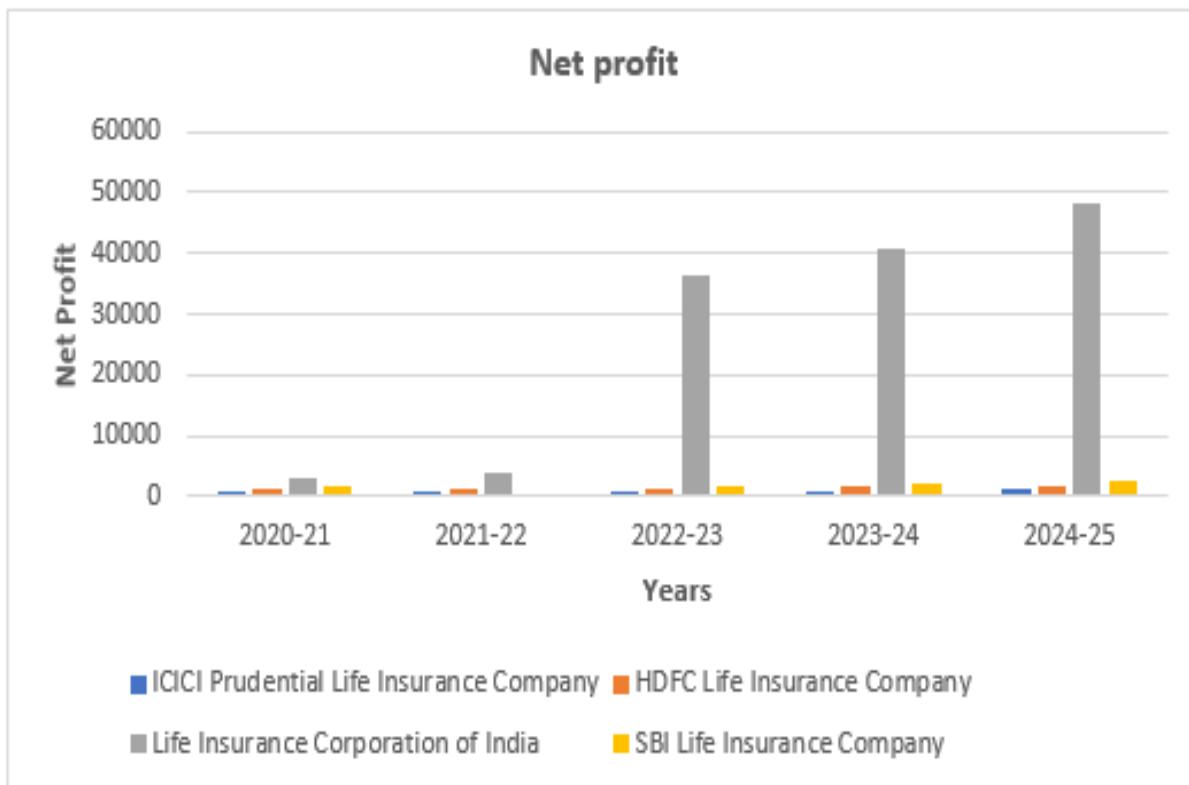
The Life Insurance Corporation of India is the highest expenditure of 8,33,627 in 2025. LIC of India, SBI and HDFC Life Insurance Company the total incomes are increased gradually year by year compared to the ICICI Prudential Life Insurance Company.

### Net Profit

**Table 1.5: shows the Net profit (Rs. in crores)**

Net Profit	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	956	759	813	850	1,185
HDFC Life Insurance Company	1,360	1,326	1,368	1,574	1,810
LIC of India	2,900	4,043	36,397	40,675	48,151
SBI Life Insurance Company	1,455	1,506	1,720	1,893	2,413

Source: Secondary data



**Chart 1.5: shows the position of the Net profit of selected insurance companies, which are as follows.**

### Interpretation

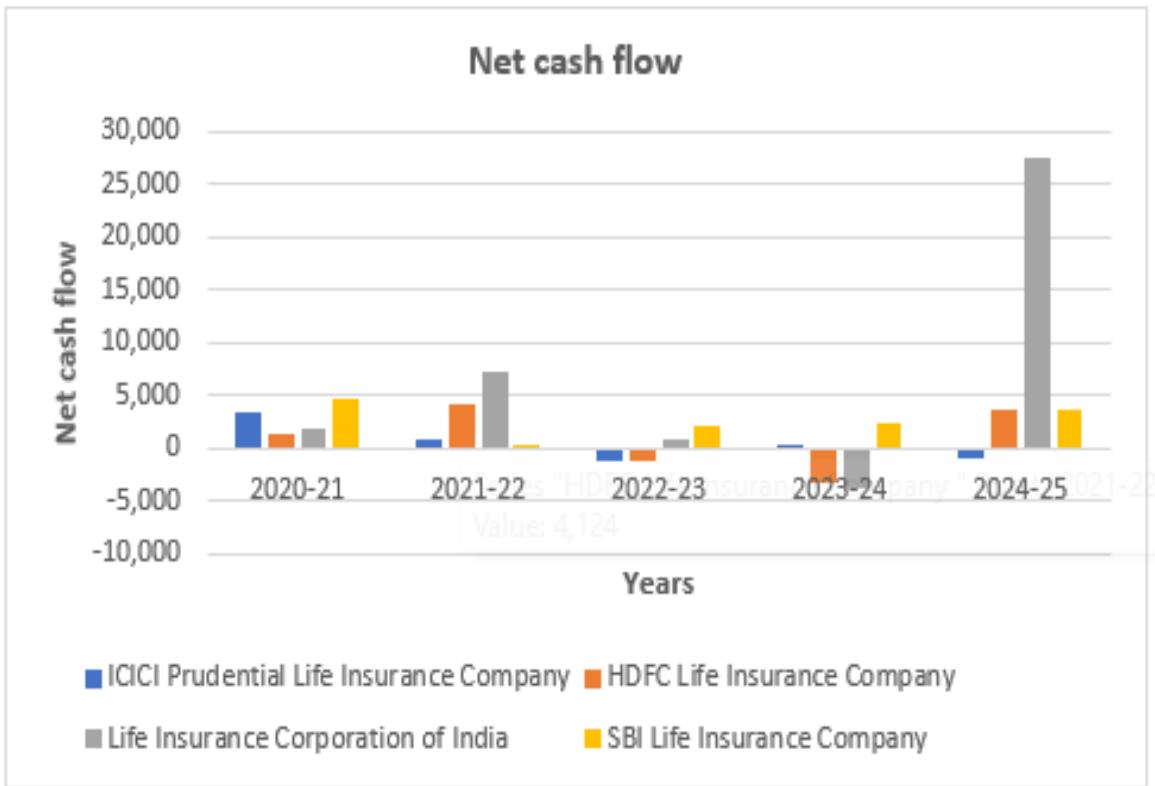
This chart shows that all selected insurance companies' net profits are increasing. ICICI Prudential Life Insurance Company reduced to 813 in the year 2023 but also increased to 1,185 in the year 2025. The Life Insurance Corporation of India had the highest net profits of 48,151 in 2025. Life Insurance Corporation of India, SBI Life Insurance Company, HDFC Life Insurance Company, the total incomes have increased gradually year by year compared to the ICICI Prudential Life Insurance Company.

### Net Cash Flow

**Table 1.6: shows the Net cash flow (Rs. In crores)**

Net cash flow	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	3,434	696	-1,168	16	-1,115
HDFC Life Insurance Company	1,429	4,124	-1,203	-3,295	3,571
LIC of India	1,710	7,241	870	-3,733	27,612
SBI Life Insurance Company	4,676	9	1,962	2,326	3,542

Source: Secondary data



**Chart 1.6: shows the position of Net cash flow of selected insurance companies which are as follows.**

### Interpretation

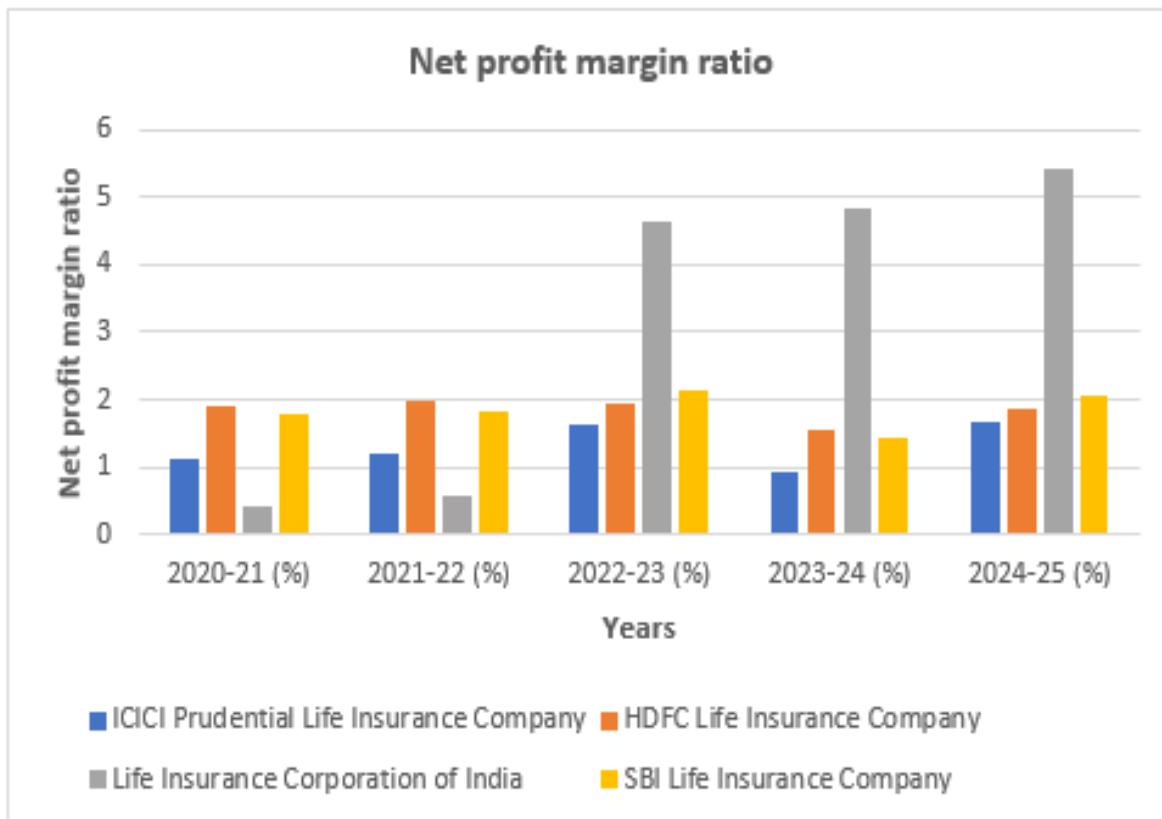
This chart shows that all selected insurance companies' net cash flows are increasing. ICICI Prudential Life Insurance Company reduced to -1,168 and -1,115 in the year 2023 and 2025, and also HDFC Life Insurance Company reduced to 1,203 and -3,295 in the year 2023 and 2024, respectively. Life Insurance Corporation of India has the highest net cash flow of 27,612 in 2025. SBI Life Insurance Company maintained better positive cash flow compared to the other three companies.

### Net profit margin ratio

**Table 1.7: shows the Net profit margin ratio**

Net Profit Margin Ratio	2020-21 (%)	2021-22 (%)	2022-23 (%)	2023-24 (%)	2024-25 (%)
ICICI Prudential Life Insurance Company	1.14	1.21	1.64	0.94	1.67
HDFC Life Insurance Company	1.9	1.97	1.94	1.55	1.86
LIC of India	0.42	0.56	4.65	4.82	5.42
SBI Life Insurance Company	1.77	1.81	2.13	1.43	2.06

Source: Secondary data



**Chart 1.7: shows the position of the Net profit margin ratio of selected insurance companies, which are as follows.**

### Interpretation

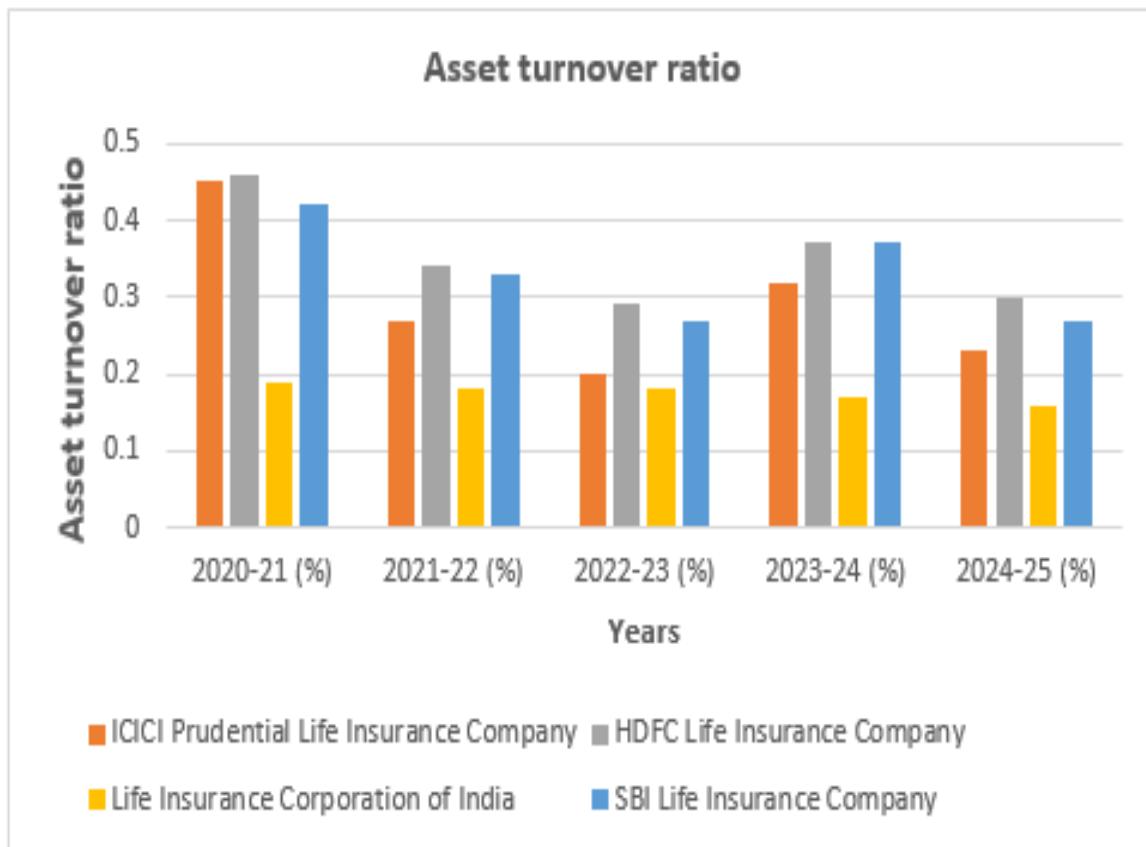
The above chart shows that all selected insurance companies' net profit margin ratios are increasing. ICICI Prudential Life Insurance Company reduced to 0.94% in the year 2024, but also increased to 1.67% in the year 2025. The LIC of India has the highest net profit margin ratio of 5.42% in 2025. LIC of India, SBI and HDFC Life Insurance Companies the net profit margin ratios are increased gradually year by year compared to the ICICI Prudential Life Insurance Company.

### Asset turnover ratio

**Table 1.8: shows the Asset turnover ratio**

Asset turnover ratio	2020-21 (%)	2021-22 (%)	2022-23 (%)	2023-24 (%)	2024-25 (%)
ICICI Prudential Life Insurance Company	0.45	0.27	0.2	0.32	0.23
HDFC Life Insurance Company	0.46	0.34	0.29	0.37	0.3
LIC of India	0.19	0.18	0.18	0.17	0.16
SBI Life Insurance Company	0.42	0.33	0.27	0.37	0.27

Source: Secondary data



**Chart 1.8: shows the position of the Asset turnover ratio of selected insurance companies, which are as follows.**

#### Interpretation

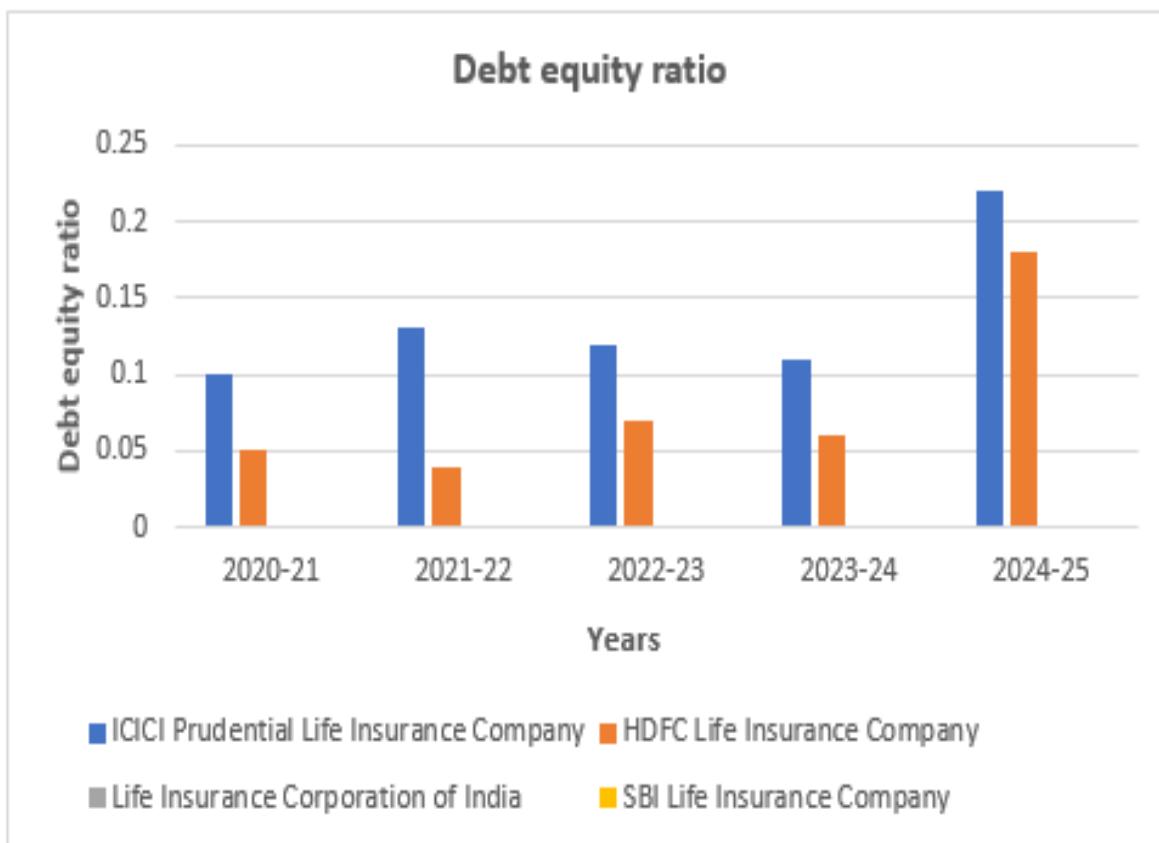
This chart indicates that all selected insurance companies' asset turnover ratios are increasing. ICICI Prudential Life Insurance Company reduced to 0.2 % in the year 2023, but also increased to 0.45 % in the year 2021. HDFC Life Insurance Company had the highest asset turnover ratio of 0.46% in 2021. LIC of India, SBI and HDFC Life Insurance Company the asset turnover ratios are increased gradually year by year compared to the ICICI Prudential Life Insurance Company.

#### Debt equity ratio

**Table 1.9: shows the Debt Equity Ratio**

Debt Equity Ratio	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	0.10	0.13	0.12	0.11	0.22
HDFC Life Insurance Company	0.05	0.04	0.07	0.06	0.18
LIC of India	0.00	0.00	0.00	0.00	0.00
SBI Life Insurance Company	0.00	0.00	0.00	0.00	0.00

Source: Secondary data



**Chart 1.9: shows the position of the Debt-Equity Ratio of selected insurance companies, which are as follows.**

#### Interpretation

The above chart indicates that all selected insurance companies of Debt equity ratios are increasing except LIC of India and SBI, ICICI and HDFC Life Insurance Companies debts have increased from 2021 to 2025.

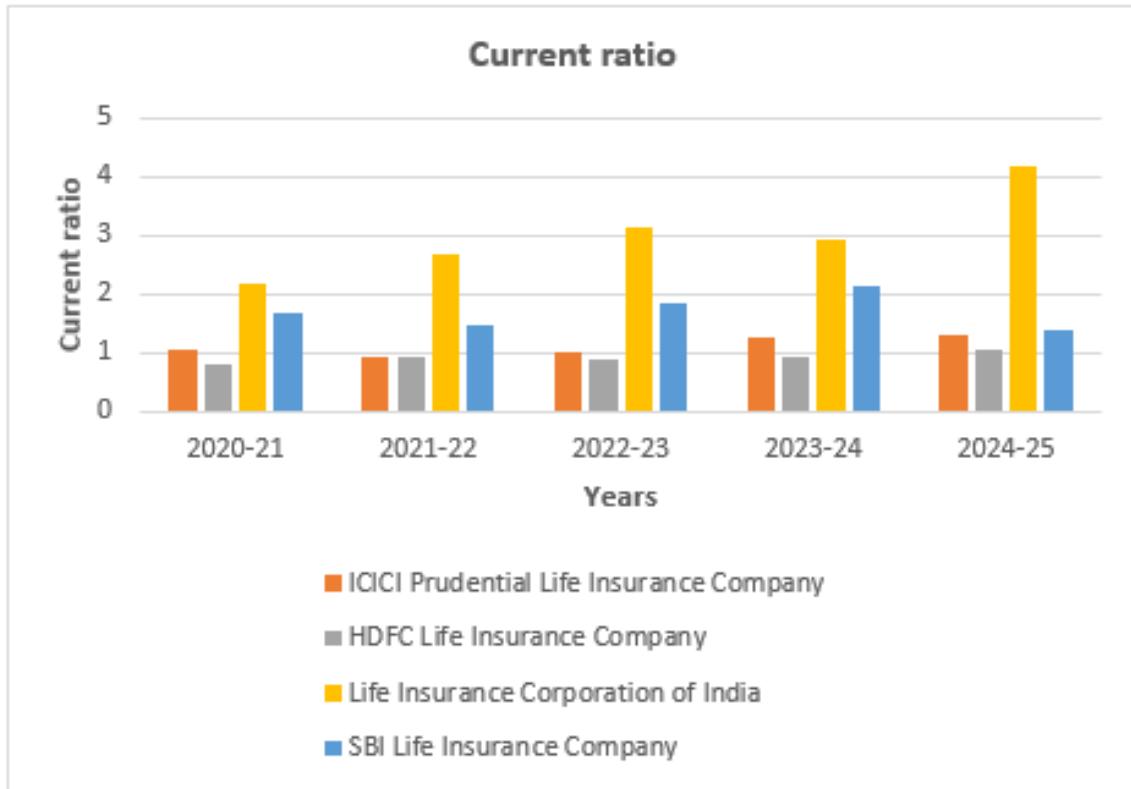
But Life Insurance Corporation of India and SBI Life Insurance Companies are only equity funded.

#### Current ratio

**Table 1.10: shows the Current ratio**

Current ratio	2020-21	2021-22	2022-23	2023-24	2024-25
ICICI Prudential Life Insurance Company	1.04	0.93	1.01	1.24	1.29
HDFC Life Insurance Company	0.78	0.9	0.86	0.91	1.03
LIC of India	2.16	2.68	3.14	2.92	4.18
SBI Life Insurance Company	1.69	1.48	1.85	2.13	1.39

Source: Secondary data



**Chart 1.10: shows the position of the Current ratio of selected insurance companies, which are as follows.**

#### Interpretation

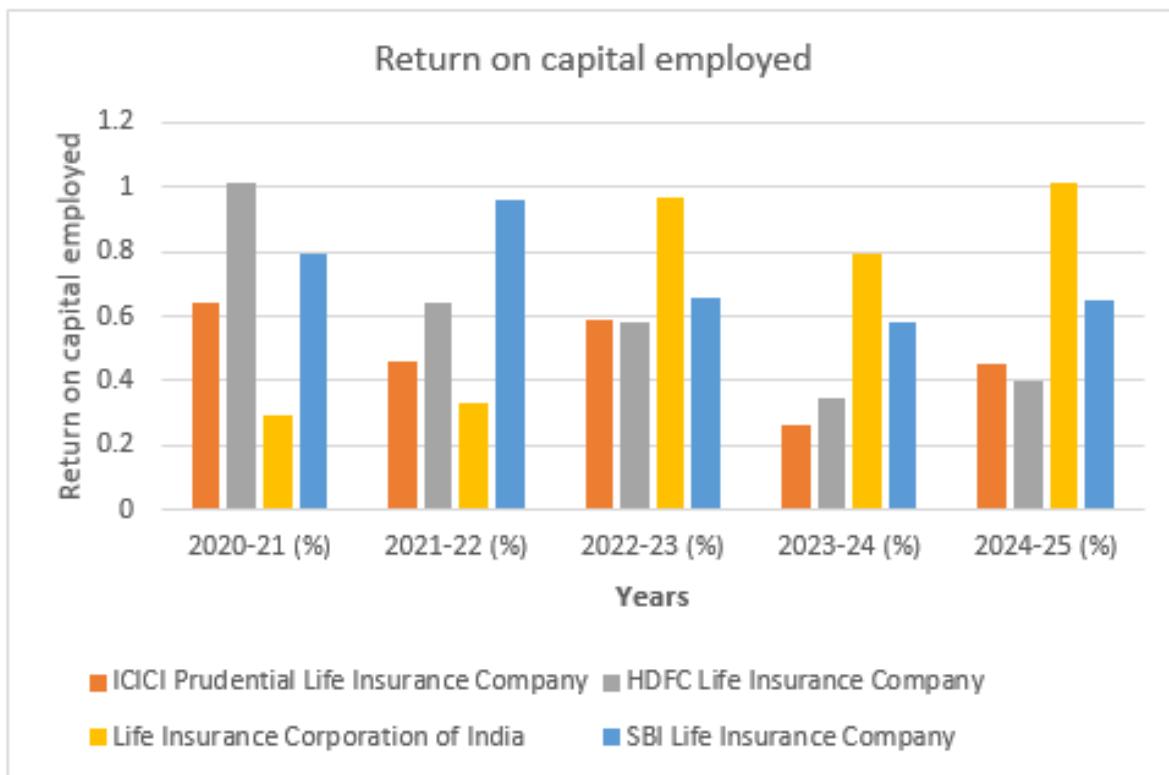
This chart shows that all selected insurance companies' current ratios are increasing. HDFC Life Insurance Company reduced to 0.9 in the year 2022 but also increased to 1.03 in the year 2025. The Life Insurance Corporation of India has the highest current ratio of 4.18 in 2025. All the insurance companies' current ratios have improved gradually year by year compared to the HDFC Life Insurance company.

#### Return on capital employed ratio

**Table 1.11: shows the Return on capital employed ratio**

Return on capital employed ratio	2020-21 (%)	2021-22 (%)	2022-23 (%)	2023-24 (%)	2024-25 (%)
ICICI Prudential Life Insurance Company	0.64	0.46	0.59	0.26	0.45
HDFC Life Insurance Company	1.01	0.64	0.58	0.35	0.4
LIC of India	0.29	0.33	0.97	0.79	1.01
SBI Life Insurance Company	0.79	0.96	0.66	0.58	0.65

Source: Secondary data



**Chart 1.11: shows the position of the Return on capital employed ratio of selected insurance companies, which are as follows.**

### Interpretation

This chart shows that all selected insurance companies of return on capital employed are increasing. ICICI Prudential Life Insurance Company reduced to 0.26 in the year 2024 but also increased to 0.64% in the year 2021. The Life Insurance Corporation of India is the highest of return on capital employed, 1.01% in 2025. Life Insurance Corporation of India indicates the highest capital efficiency with increasing return on capital employed.

### CONCLUSION

All the Life insurance companies in India provide excellent services to the policyholders. A life insurance policy is an agreement between the life insurance company and policyholders. Human life is uncertain in future; the loss due to the uncertainty of life can be covered by buying a life insurance policy. It provides the financial security and savings to the policyholders or family in the event of the uncertainty or disability of the insured.

There are 24 life insurance companies in India, but the study selected only 4 companies are ICICI Prudential Life Insurance Company, SBI, HDFC and LIC of India. In this study collected all the data was collected from the [moneycontro.com](http://moneycontro.com), annual reports of respected life insurance companies and websites. It analysed the financial performance,

earnings per share, net cash flow, total sales, total income, total expenditure, asset turnover ratio, current ratio, debt equity and capital employed ratios of selected insurance companies in India. EPS and profit of LIC of India, SBI and HDFC life insurance companies have increased from 2020-21 to 2024-25, but ICICI Prudential Life Insurance Company EPS and profit have decreased from 2020-21 to 2024-25. EPS and Profit of ICICI and HDFC life insurers have decreased from 2020-21 to 2024-25. The Life Insurance Corporation of India has the highest current ratio in 2025. All the insurance companies' current ratios have improved gradually year by year compared to the HDFC Life Insurance Company. Finally, the overall financial performance of LIC of India is better than the other companies.

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