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FINANCIAL PERFORMANCE OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED FOR THE RECENT DECADE

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ABSTRACT

Protection is a monetarist device explicitly intended to lessen the monetary effect of unforeseen occasions and make monetary security. The medical coverage organizations in India have quickly become quite possibly of the main area in the country that drifts around 10% in thickness computations. The Star Health and allied Insurance Company Limited is the India's first independent health care coverage organization confronting parcel of difficulties because of the mushroom development of the overall safety net providers in India during the new past. The Chennai-based wellbeing safety net provider enlisted a gross composed premium (GWP) of ₹12,952 crore in FY23, which is 13% higher than the GWP during a similar period a year prior. The Star Health and allied Insurance Company Limited enlisted a retail wellbeing premium of ₹11,948 crore in FY23, a development of 18% over FY22 figures. It secured a Gross Premium of Rs 686,514 lakh in the monetary year 2019-20 when contrasted with earlier year 2018-19 Rs 540,129 lakh, enrolling a development of Rs 146,385 lakh (27.10%). The Star Health and allied Insurance Company Limited assume a significant part in the main medical coverage market with a tremendous organization of 9600 or more clinics accessible for credit only hospitalization in India with in excess of 460 branch workplaces, subsequently this paper plans to dissect the monetary presentation during 2009 to 2018 utilizing Proportion examination from the yearly reports of the organization. This study portrays that the dissolvability position of the organization at Walk 2020 was 1.88 and return to total assets proportion is 13.94 percent, which is clear that even in the predominant Corona virus circumstance the organization's viewpoint is positive.

KEYWORDS: Protection, Solvency, Current Ratio, Return to Net worth Ratio, Net Retention Ratio.

INTRODUCTION

This paper aims to bring out some facts about the performance of The Star Health and allied Insurance

Company Limited after analyzing the facts and figures from the balance sheets of the company for the last 10 years.

Financial Performance analysis is the method involved with distinguishing the monetary qualities and shortcomings of the organization laying out the connection between the things of asset report and benefit and misfortune account. It is utilized to dissect whether a substance is steady, dissolvable, fluid, or sufficiently productive to allow a money related speculation. Along these lines, The Star Health and allied Insurance Company Limited monetary proportion examination has been taken to know its dissolvability, liquidity, benefit execution. The protection gives monetary securities from distinguished chances happening or found inside a predetermined period. It became quite possibly of the most crucial point of support that help the monetary movement of any state, so organizations and offices or people have had presumed that protection administrations are significant for wellbeing, Individual mishaps and Travel Protection against startling gamble and misfortune and to guarantee their progression.

Table 1 REGISTERED INSURERS INCLUDING FOREIGN REINSURERS' BRANCHES / LLOYD'S INDIA

Type of Insurer	Public Sector	Private sector	Total
Life	1	23	24
General	6	25	31
Standalone Health	0	7	7
Re-insurers (including Foreign Reinsurers Branches/ Lloyd's India)	1	11	12
Total	8	66	74

Source: IRDAI Annual report 2022 – 23

Table 1 shows the registered insurers in India. At the end of March 2022, there are 74 insurers operating in India; of which 24 are life insurers, 31 are general insurers, 7 are standalone health insurers and 12 are re-insurers including foreign reinsurers branches and Lloyd's India. Of the 74 insurers presently in operation, eight are in the public sector and the remaining sixty-two are in the

private sector. Two specialized insurers, namely ECGC and AIC, one life insurer namely LIC of India (LIC), four in general insurance and one in reinsurance namely GIC Re. are in public sector. 23 life insurers, 25 general insurers, 7 standalone health insurers and 11 reinsurers including foreign reinsurers' branches and Lloyd's India are in private sector.

Star Health and Allied Insurance Company Ltd. initiated its operation from 2006 providing services in health, personal accident and overseas travel insurance. It has a gross composed premium (GWP) of ₹12,952 crore in FY23 which is 13% higher than the GWP during a similar period a year prior. It procured a Gross Premium of Rs 686,514 lakh in the financial year 2019-20 as compared to previous year 2018-19 Rs 540,129 lakh, registering a growth of Rs 146,385 lakh (27.10%) furthermore, has kept up with the top situation among all the independent wellbeing back up plans and number two situation in retail business next just to New India among every overall guarantor. Star Health and Allied Insurance Company limited was formed as a joint venture of ICICI Ventures, Oman Insurance Company, Sequoia Capital, Alpha TC holdings and Tata Capital Growth Fund in the year 2006. The company has 9,900 network hospitals, more than 2.95 lakhs agents and over 4.9 million claims settled since its beginning. The company has been awarded 'Best BFSI Brands 2019' by Economic Times.

Table 2 Highlights of Star Health and Allied Insurance Company Ltd. for the year 2023 and 2022 (Amount Rs in Lakhs.)

Particulars	2022-2023	2021-2022
Gross Direct Premium	12,952.47	11,463.47
Net Premium	12,319.64	10,809.49
Net Premium Earned	11,261.59	9,809.16
Net claims Paid	7,418.17	8,459.32
Net Commission	1,682.77	1,492.18
Operating Expenses	2,053.80	1,838.53
Profit Before Tax	826.40	-1,396.64
Net Profit for the Year	618.59	-1,040.67

Source: Star Health & Allied Insurance Company Limited Annual Report 2022-23

The Table 2 represents the highlights of Star Health and Allied Insurance Company Ltd. financial results of the year 2018 and 2019. It is evident that even in the prevailing Covid-19 situation the company's outlook is positive. For the quarter ended 30-06-2023, the company has reported a Standalone Total Income of Rs 3,293.75 Crore, up 5.16 % from last quarter Total Income of Rs

3,132.04 Crore and up 13.86 % from last year same quarter Total Income of Rs 2,892.91 Crore. The Net Expense Ratio was 27.7%, 30.8% and 30.3% in FY 20-21, FY 21-22 and FY 22-23 respectively. At Star Health, we seek to grow our retail health insurance business steadily, playing the role of an evangelist. Retail health premium accounted for 93.5% of the company's total GWP in FY 22-23.

STATEMENT OF THE PROBLEM:

The overall protection industry of India has 34 insurance agencies; there are 6 public area guarantors in the non-disaster protection fragment, 25 confidential area back up plans and 7 independent wellbeing safety net providers. The Star Health and Allied Insurance Company Ltd. is the India's most memorable health care coverage organization confronting part of difficulties because of the mushroom development of the overall safety net providers in India during the new past. The Star Wellbeing and Partnered Insurance Agency Restricted assume a significant part in the main medical coverage market; this study expects to break down the monetary execution during 2010 to 2019.

OBJECTIVE OF THE STUDY:

The main objective of this research study is to analyze the financial performance of Star Health and Allied Insurance Company Limited in India for the past 10 years.

RESEARCH METHODOLOGY OF TH STUDY:

The study is principally based on secondary data and that has been gathered from annual report of Star Health and Allied Insurance Company Limited, Journals, websites etc. Ratio analysis tool has been used to assess the solvency, liquidity, earnings and profitability performances of the company. The study period is from 2012-13 to 2022-23. The following ratios have been used in this study:

- Incurred Claims Ratio
- Net Earnings Ratio
- Current Ratio
- Return on Assets
- Net Retention Ratio
- Solvency Ratio
- Combine Ratio
- Operating Profit Ratio
- Leverage Ratio

DATA ANALYSIS AND INTERPRETATION

The quintessence of the presentation assessment process is the genuine exhibition pointers and explicit models for contrasting and there are numerous markers with analyze deviations and their causes. Powerful execution assessment builds the social advantages and improves the responsibility at the

undertaking level. This segment assists with assessing the financial performance of "Star Health And Allied Insurance Company Limited" during the period 2012-13 to 2022-23 using various Ratio analyses.

INCURRED CLAIMS RATIO

Incurred Claims Ratio is essential for determining the risk of the company for the settlement of the claims. It is calculated by dividing Net earned premium from claims incurred on the particular year. The ideal range of the Incurred Claim Ratio can be between 70% and 90%. If it is less than 50%, might be highly beneficial for the insurance company but not productive for the policyholders and if Incurred claims ratio is more than 100%, the insurance company had spent more money on settling claims than it received as insurance premium which is a bad situation.

TABLE 3 INCURRED CLAIMS RATIO OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED FOR THE PERIOD 2013 TO 2023

(Amount Rs. in lakhs)

Year	Claim incurred	Net Earned Premium	Incurred claims Ratio (%)
2013-2014	45394.56	67539.50	67.21
2014-2015	65105.91	101792.95	63.96
2015-2016	81455.42	151387.17	53.80
2016-2017	115670.85	191145.48	60.51
2017-2018	169,201	273,960	61.76
2018-2019	229,759	366,237	62.74
2019-2020	3,087.43	5,239.47	88.00
2020-2021	4,369.46	7,179.43	94.44
2021-2022	8,539.99	10,809.49	87.06
2022-2023	7,320.40	12,319.64	63.58

Source: Compiled from the Annual Reports of Star Health and Allied Insurance Company Ltd

The Table 3 shows the Incurred claims ratio of Star health and Allied Insurance Company Ltd. during the period 2012-13 to 2022-23 states that the incurred claims ratio in the year 2022-23 is 63.58%

which is a positive financial performance. Overall, the financial performance is the company is better which means that the insurance policy is priced properly and has the positive impact.

NET EARNINGS RATIO

The Premium is the pivotal component in accomplishing the net benefit. So, the net income proportion assessed by partitioning net benefit to premium is a mark of benefit accomplishment. The net Benefit demonstrates the administration's capacity to procure adequate benefits on premium not exclusively to cover all income, working costs of the business (counting devaluation), the costs of promoting of overhauling yet additionally to have an adequate edge to pay a sensible remuneration to investors on their commitment to the firm. A high net profit proportion would show the sufficiency of monetary place of a business firm.

TABLE 4 NET EARNINGS RATIO OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED FOR THE PERIOD 2013 to 2023
(Amount Rs. in lakhs)

Year	Profit after Tax	Net Premium	Net Earnings Ratio (%)
2013-2014	(9332)	84353	(11.06)
2014-2015	(14004)	125381	(11.17)
2015-2016	13658	153975	8.87
2016-2017	11794	228316	5.17
2017-2018	17015	319604	5.32
2018-2019	18342	412871	4.44
2019-2020	263.31	5,239.47	5.03
2020-2021	1,085.71	7,179.43	-15.12
2021-2022	-1,040.67	10,809.49	-9.63
2022-2023	618.59	12,319.64	5.02

Source: Compiled from the Annual Reports of Star Health And Allied Insurance Company Ltd

The table 4 depicts the Net Earnings Ratio of Star Health and Allied Insurance Company Ltd. from FY 2012- 13 to 2022-23. From the year 2013 to 2014 the net earnings ratio is negative which gradually increased from the FY 2015 (8.87 per cent). In the FY 2022-23 the ratio is 5.02 % which show the

financial position of the company is good.

CURRENT RATIO

A company's liquidity position indicates how financially sound the company performs and how efficiently it is being managed. The current ratio measures liquidity and company's ability to handle short-term obligations. If the current ratio computation amounts greater than 1, it means that the company has adequate current assets to settle its current liabilities.

TABLE 5 CURRENT RATIO OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED FOR THE PERIOD 2013 to 2023
(Amount Rs. in lakhs)

Year	Current Assets	Current Liabilities	CR
2013-2014	44658	15793	2.83
2014-2015	53548	20972	2.55
2015-2016	49990	23804	2.10
2016-2017	70032	27816	2.52
2017-2018	108549	53749	2.02
2018-2019	160465	91347	1.36
2019-2020	2,24,19,273	1,21,63,717	1.39
2020-2021	3,61,49,316	1,56,43,045	0.47
2021-2022	6,91,65,283	1,96,11,492	0.15
2022-2023	8,14,50,596	2,03,00,810	0.12

Source: Compiled from the Annual Reports of Star Health and Allied Insurance Company Ltd.

The table 5 depicts the Current Ratio of Star Health and Allied Insurance Company Ltd. from FY 2013-14 to 2022-23, where CR for the year 2018-19 is 1.36 which is good financial indicator. In the previous years the CR of the company are more than 2.02 which interpret negatively because the company is letting excess cash and other assets idle, rather than actively investing its available capital in expanding business. For the year 2022-2023 it is just 0.12 which shows the negative side of the firm. This indicates poor financial management and lost business opportunities.

COMBINED RATIO

Combined ratio shows an overall insurance agency's all out surge regarding working costs; commissions paid, and caused cases and misfortunes on its net acquired premium. It is determined as Consolidated proportion = (Net Caused Cases separated by net acquired premium + Costs of The executives partitioned by Net composed premium). The proportion is useful for those organizations with lower consolidated proportion as it implies that the costs or misfortunes of the organization are lesser than its top-notch income for that time span. Assuming the joined proportion is more noteworthy than 100 percent, it for the most part implies the money outpouring of the insurance agency is more. Nonetheless, it is noticed that the higher joined proportion doesn't mean the organization is running confused as the proportion does exclude profit from speculations or venture pay.

TABLE 6 COMBINED RATIO OF STAR HEALTH AND ALLIED INSURANCE COMPANY LTD. DURING THE YEAR 2013-2023

Year	Combined Ratio
2013-2014	94
2014-2015	92
2015-2016	101
2016-2017	93
2017-2018	92
2018-2019	97.8
2019-2020	93.43
2020-2021	122.14
2021-2022	117.87
2022-2023	95.33
Mean	99.86

Source: Compiled from the Annual Reports of Star Health and Allied Insurance Company Ltd.

The table 6 shows the Combined Ratio of Star Health and Allied Insurance Company Ltd. during the year 2013-2023 in percentage. In 2012-13 the combined ratio was 109 per cent whereas in 2018-19 it is 92 per cent. Therefore, the average combined ratio from the FY 2012-13 to 2022-23 is 99.86% which is around hundred; this shows that the company should reduce the expenses to increase its revenue.

SOLVENCY RATIO

Insurance solvency is an organization's capacity to have the option to meet the commitments they face with regards to making installments on claims for protection contracts. It characterizes how fortunate or unfortunate an insurance agency's monetary circumstance is on characterized dissolvability standards. As indicated by IRDAI rules, all organizations are expected to keep a dissolvability proportion of 150% to limit insolvency. It is a mark of an organization's monetary ability to meet both present moment and longterm liabilities. High dissolvability proportion may not generally mean great monetary wellbeing. Dissolvability proportion is determined as how much Accessible Dissolvability Edge (ASM) according to how much Required Dissolvability Edge (RSM). The ASM is the worth of the organization's resources over liabilities, and RSM depends on net charges and characterized according to IRDAI rules. Higher the dissolvability proportion, the more prominent the possibilities of the policyholders to get their cases paid.

TABLE 7 SOLVENCY RATIO OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED FOR THE PERIOD 2013 to 2023

Year	Solvency Ratio
2013-2014	1.50
2014-2015	2.40
2015-2016	5.99
2016-2017	1.61
2017-2018	1.51
2018-2019	2.01
2019-2020	1.88
2020-2021	2.22
2021-2022	1.67
2022-2023	2.14

Source: Compiled from the Annual Reports of Star Health And Allied Insurance Company Ltd.

The table 7 shows solvency ratio of Star Health and Allied Insurance Company Ltd from the FY 2013-14 to 2022-23. The solvency ratio for the year 2018-19 is 2.01 which are more than 150 % of the standard rules of the insurance companies. The remaining part of the financial year's solvency ratios is also satisfactory which is a high-quality indication of financial health.

NET RETENTION RATIO

Business net retention is a measurement of a company's growth and strength during a specific period. In insurance, it is the number of policies remaining after deducting cancelled, lapsed, or ceded insurance plans. The measure represents the company's policy turnover, with only profitable policies kept for the long-term. Net retention indicates a business' ability to manage risk and remain profitable. Net Retention proportion characterized as net written premium divided by gross-direct premium.

TABLE 8 NET RETENTION RATIO OF STAR HEALTH AND ALLIED INSURANCE COMPANIES LTD. FROM THE YEAR 2013-14 TO 2022-23.
(Amount Rs. in lakhs)

Year	Net Premium	Gross Premium	NRR (%)
2013-2014	84353	109108	77.31
2014-2015	125381	146919	85.34
2015-2016	153975	200734	76.71
2016-2017	228316	2,96,005	77.13
2017-2018	319604	4,16,111	76.81
2018-2019	412871	5,40,129	76.44
2019-2020	5,23,947	6,86,514	76.32
2020-2021	7,17,943	9,38,854	76.47
2021-2022	10,809.49	11,463.47	94.30
2022-2023	12,319.64	12,952.47	95.11

Source: Compiled from the Annual Reports of Star Health and Allied Insurance Company Ltd.

Table 8 presents the Net Retention Ratio of Star Health and Allied Insurance Companies Ltd. from the years 2013-14 to 2022-23. In the year 2009-10 the net retention ratio is 69.83 per cent and it is 76.44 per cent in 2018-19. The average Net Retention Ratio of the company is 75.98 per cent which indicate that the company is able to manage risk and remain profitable. Overall, during the study period, the insurance company maintained a good percentage of net retention ratios.

OPERATING PROFIT RATIO

Operating Profit Ratio is determined by taking Endorsing benefit in addition to venture pay separated by net acquired premium. Guaranteeing benefit is a term utilized in the protection business. It

comprises of the procured premium leftover after misfortunes have been paid and regulatory costs have been deducted. It likewise thinks about the top notch lack and costs under benefit and misfortune account. The working overall revenue shows how much benefit an organization makes subsequent to paying for variable expenses of creation like installments, wages or claims, and so on. It is likewise communicated as a level of deals and afterward decides the productivity of an organization by contrasting the expenses and costs related and business tasks.

TABLE 9 OPERATING PROFIT RATIO OF STAR HEALTH AND ALLIED INSURANCE COMPANY LTD. DURING THE YEAR 2013-2023

Year	Operating Profit Ratio (%)
2013-2014	-11
2014-2015	-11
2015-2016	17
2016-2017	5.0
2017-2018	5.05
2018-2019	6.42
2019-2020	7.05
2020-2021	-32.01
2021-2022	-16.13
2022-2023	6.27

Source: Compiled from the Annual Reports of Star Health and Allied Insurance Company Ltd.

The table 9 shows the operating profit ratio of Star Health and Allied Insurance Company Ltd. during the year 2013 to 2023. According to the FY 2018-19 the operating profit ratio is 6.42 per cent and in 2013-14, it's -11 per cent but in the years 2020- 2021, 2021-2022 also the operating profit is negative. So, the company should increase its net earned premium for the smooth operation of the management.

FINDINGS AND SUGGESTIONS

This study analyzes the monetary presentation of Star Health And Allied Insurance Company Ltd. through Proportion examination.

- The Caused claims proportion of Star wellbeing and Partnered Insurance Agency Ltd. during the period 2013-14 to 2022-23 expresses that the generally speaking monetary presentation of the

organization is better with a normal of 70.70 percent which implies that the insurance contract is valued appropriately and has the right highlights.

- The Net Profit Proportion from FY 2013-14 to 2022-23 expresses that in the years 2013 to 2016 the net income proportion is less which slowly expanded from the FY 2015. In the FY 2018-19 the proportion is 4.44 percent which is a decent monetary place of the organization.
- Current Proportion for the year 2018-19 is 1.76 which is great monetary pointer. In the earlier years the Ongoing Proportion of the organization are more than 2.0. The typical current proportion is 2.69 which decipher adversely in light of the fact that the organization is letting overabundance cash and different resources inactive, as opposed to effectively putting its accessible capital in growing business.
- During the period 2013-14 to 2022-23, Return on Resources of the organization esteem was less which shows that the organization was not productive in that frame of mind from their assets. However, from the year 2015 to 2018 the profit from resources was moderate.
- Dissolvability proportion of Star Health And Allied Insurance Company Ltd. are more than 150 % which is a decent mark of monetary wellbeing.
- The typical Net Maintenance Proportion of the organization is 75.98% which show that the organization can oversee risk and stay productive.
- The typical joined proportion from the FY 2013-14 to 2022-23 99.86% which is closest to hundred, this shows that the organization ought to diminish the costs to build its income.
- The typical working benefit proportion of the organization is - 2.46% from the FY 2013-14 to 2022-23. In this manner the organization ought to build its net procured premium for the smooth activity of the administration. In light of the observational discoveries, the concentrate accordingly recommends that
- The organization need to expand its exceptional sum and control the costs for better exhibitions before very long.
- The organization has a superior possibility securing credit on the off chance that it keeps a decent degree of working capital.
- The organization is letting overabundance cash and different resources inactive; accordingly it ought to effectively put its accessible capital in growing business and getting a valuable open door.
- The organization should work with the health care coverage strategies to the provincial area for their advancement in the economy.
- The organization ought to expand its net procured premium for the smooth activity of the administration.
- The administration and strategy holders ought to see liquidity proportion as the central point affecting firm execution evaluation.
- It is suggested that productivity proportion ought to be viewed as a component that decides

execution evaluation.

CONCLUSION

Notwithstanding of the immense contest looked by the Star Health And Allied Insurance Company Ltd. during the recent past; the organization's monetary performance is agreeable in the short run. The review covered a time of 2013 to 2023, during that period the organization's, benefit, liquidity, influence and dissolvability position is great. However, over the long haul, the organization ought to be proactive to confront the scourge and pandemic circumstances. This Coronavirus pandemic gives the two dangers and amazing open doors to the organization. The organization presented Coronavirus strategy solely for Covid-19 inclusion and acquired appealing expense simultaneously settled tremendous clinical use claims. Consequently, it is finished up, the progress of the organization profoundly relied upon premium pay, expedient settlement of cases, imaginative items and administrations, appealing estimating and deals advancement.

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