

A Study of Ratio Analysis of Reliance General Insurance Company in India

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Introduction

The General insurance industry selected for the here learning important factors. The General insurance industry has been playing vital role in the development of the economy of India. General insurance industry is backbone of every economy. General insurance industry is one of the most biggest industry in all over the world. Generally, Industries raises their funds by various sources like , deposits, bonds, debentures, equity share, capital preference share capital etc. It is the most important and crucial problem for every industry to determine the financial necessities. Which are the sources of funds? How to increase funds at lowest amount costs ?

An investor is interested in information regarding the correct economic position of the business, its earn capability, the current situation with regard to profitability and future possibilities. He has only the published accounts of the company before him which would enable him to take any judgment with value to invest his funds. The available accounts include Revenue Account, P & L Accounts, Balance sheet. The earn capability and what went before outcome could be ascertain from the P & L Accounts and the idea about financial positions can be had from the balance sheets. However actual conclusion cannot be drawn from the mass figures included in the financial statements. So the financial analysis of General insurance companies must be necessary. Here we have to select Reliance General Insurance company for the study purpose.

An Overview of Reliance General Insurance Company

Reliance general Insurance company is one of the leading general insurance companies of India. It has a huge customer base which includes individuals like you, corporates and SMEs. With its 139 offices and more than 12,000 intermediaries across India

OBJECTIVE OF THE STUDY:-

The objectives determine the future and outcome of the research. No one work is started without any objectives The principle and Main objectives of the study will be as under

1. To make comparative study of Financial Statement analysis of selected Reliance General insurance company in India
2. Investors will know the Financial Statement Analysis of selected Reliance General insurance company in India

3. To examine Revenue statement Ratios, Balance sheet Ratios and Composite Ratios of selected Reliance General insurance company in India
4. To examine Liquidity Ratios, Leverage Ratios and Activity Or Efficiency Ratios of selected Reliance General insurance company in India
5. To evaluate the financial Statement analysis with the help of financial statements of selected Reliance General insurance company in India

DATA COLLECTION:-

The data collection is very important duty for the investigator for the do research study. This explore study is primarily based on inferior data. The inferior records shall be together from the records, documents, related topic matter and connected websites. more to the point, the examiner shall collect and analyze published data as per the requirement. As such the world of this do research study is confidential with the suggestion to chosen General insurance Services Provider Companies, which are working in India. So, researcher has selected Reliance General Insurance Company and take 10 years data 10 years, starting from year 2004-05 to 2013-2014. have been obtained and collected from the annual report of the consult Companies and related websites.

RESEASRCH METHODOLOGY:-

It is pragmatic study, so examiner has followed scientific approach to design the investigate line of attack for analysis. for this learning investigator has use less important information as starting place of in rank for thus research e.g. Websites , the Annual Reports, and other Publications. The following tool & techniques have been classified.

Ratio Analysis

A ratio is a quotient of two number and the relation expressed between two figures. analysis is a process of comparison of one figure to another ,which makes ratio. Ratio analysis is a very powerful analysis tool used for the measuring performance of an organization. The ratio analysis concentrates on the interrelationship along with the statistics appear in the financial statement. The appraisal of the ratio will make proper analysis about the strengths and weakness of the firm's operations.

LIMITATIONS OF THE STUDY

Each study cannot be free from limitations. Some limitations likewise, the limitation of point in time, area, financial, hard work, span as healthy as the method of the study. Some limits for here investigate effort are as below.

1. range of this learn is wider but sample size is limited to only 1 General insurance units are covered in this study.
2. This research study based on secondary data collected from annual reports of various units and connected websites. The restriction of the less important data and its conclusion depend entirely on the correctness of such data.
3. Therefore the quality of this research depends on superiority and dependability of data published in annual reports.

4. consequences of this research are small and narrow to the selected Reliance General insurance company in India.

5. The study is limited to Ten years (2004-05 to 2013-14) only.

FUTHER SCOPE OF STUDY

Keeping in view the limitation of the study and the experience gain by the research during the course of his research work, the researcher perceives that a chock-full beyond question explore work at worldwide level may be undertaken. For the type of macro level study, it may be helpful in identifying distinctive conclusions separately. Similarly, the study can be made for diverse subordinate group of the unit in provisos of depository, chemical, software, engineering, cement, communications, Transports, oil, pharmaceutical etc.

HYPOTHESIS OF THE STUDY:-

The Main hypothesis of the study will be as under

H₀ : There is no significant difference between ratio analysis of Reliance General Insurance Companies in India.

H₁ : There is a significant difference between ratio analysis of Reliance General Insurance Companies in India.

Ratio Analysis of data

Table

Ratio Analysis of Reliance General Insurance Company for the period from 2004-2005 to 2013-2014

Particulars	Operating Profit	Net Profit	Operating Expenses Ratio	Combined Ratio	Underwriting Results ratio	Claim Ratio	Net Retention Ratio	Current Ratio	Return on Capital Employed	Return On Proprietor's funds	Total
2004-2005	0.30	12.14	30.49	151.31	-10.36	79.87	29.71	95.51	5.21	4.21	398.40
2005-2006	20.21	26.62	24.63	114.27	11.58	63.80	33.25	51.58	13.80	9.41	369.13
2006-2007	-5.49	0.67	41.55	144.97	-12.45	70.90	26.78	41.09	0.86	0.63	309.51
2007-2008	-21.47	-17.18	50.32	136.82	-28.51	78.19	49.32	64.27	26.83	-27.17	311.43
2008-2009	-7.10	-3.77	36.68	116.26	-13.99	77.30	72.53	76.39	6.29	-6.56	354.04
2009-2010	-9.02	-7.32	31.83	119.09	-16.57	84.74	70.68	74.82	-8.99	-10.17	329.10
2010-2011	-27.26	-21.84	32.80	137.44	-35.70	102.90	78.16	22.71	-1.26	-24.60	263.35
2011-2012	-33.06	-25.59	36.51	141.80	-45.35	108.84	67.92	15.98	-21.46	-18.70	226.89
2012-2013	-10.61	-6.82	31.95	121.36	-24.67	92.72	67.65	36.05	-5.31	-5.31	297.02
2013-2014	-2.32	0.29	29.17	119.71	-21.87	92.70	77.04	29.84	3.81	2.82	331.18
Total	-95.80	-42.80	345.94	1303.03	-197.90	851.96	573.03	508.24	19.78	-75.44	3190.04

SUMMARY				
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Operating Profit	10	-95.8044	-9.58044	229.6504
Net Profit	10	-42.8003	-4.28003	246.1209
Operating Expenses Ratio	10	345.9385	34.59385	51.91185
Combined Ratio	10	1303.033	130.3033	183.8397
Underwriting Results ratio	10	-197.903	-19.7903	242.3505
Claim Ratio	10	851.9648	85.19648	198.6064
Net Retention Ratio	10	573.028	57.3028	421.1838
Current Ratio	10	508.2395	50.82395	685.1257
Return on Capital Employed	10	19.7837	1.97837	169.3231
Return On Proprietor's funds	10	-75.4395	-7.54395	156.9844

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	216870	9	24096.7	93.214	1.0589E-41	1.98559
Within Groups	23265.9	90	258.51			

Total	240136	99				
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(Source form Ms-Excel)

$F_c 93.214 > F_t 1.99$

F Calculated value = 93.214,

F Table value (5% level and d.f. $V_1 = 9$ and $V_2 = 90 = 1.99$)

H_0 is rejected and alternative hypothesis is accepted. So we can say that There is a significant Difference of Ratio Analysis of Selected Reliance General Insurance Company. In other words we can say that Performance of Ratio of selected Reliance General Insurance company is not satisfactory.

Major Findings

- Operating Profit Ratio, Operating Expenses Ratio, Net Profit Ratio, Combined Ratio Underwritings Results Ratio, Claim Ratio, Net Retention Ratio, Current Ratio, Return on

Capital Employed, Underwritings Results Ratio and Return on Proprietor's Funds shown Fluctuate Trend.

- The highest Operating Profit Ratio in the year at 2005-2006 is 20.21%.
- The highest Net profit Ratio in the year at 2005-2006 is 26.62%.
- The lowest Operating Expenses Ratio in the year of 2005-2006 is 24.63%.
- The lowest Combined Ratio of in the year of 2005-2006 is 114.27%.
- The highest claim ratio in 2004-2005 was seen 108.84 %.
- The highest Net Retention Ratio shown in 2010-2011 is 78.16%.
- The highest Return on capital Employed Ratio in the year at 2007-2008 is 26.83%.
- The highest Return on Proprietor's funds in the year at 2005-2006 is 9.41%.
- Reliance General Insurance company has no borrowings

Conclusion

- We have seen that Operating Profit Ratio, Net Profit Ratio, Operating Expenses Ratio, Combined Ratio, Underwritings Results Ratio, Current Ratio, Return on Capital Employed, Return on Proprietor's Funds and Claim Ratio of Reliance General Insurance company Shown Fluctuate Trend.
- Current Ratio of all selected General Insurance companies shown lower than 2:1.

Suggestions

As we find Selected Reliance General Insurance Companies was on Lower position, In spite of its Lower position if it will take following steps in to consideration, the chances of it's being a better General Insurance Companies of India are more.

1. Reliance General Insurance company should take necessary steps to minimize operating expenses.
2. Reliance General Insurance company should take necessary steps for maintain and increase current ratio like increasing current assets.
3. Reliance General Insurance company should take necessary steps to increase income like increase sale of number of policies, increase premium rate, sale investments on high rate, reduce operating expenses and other expenses.
4. Reliance General Insurance company should increase Underwritings Results Ratio.
5. Reliance General Insurance company should increase the Net Retention Ratio.
6. Reliance General Insurance company has a higher fixed assets so it should be converted into current assets and maximize profit.

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Introduction

International Business is an old perversion in new version. International Business connote doing business in every 220 nation on the world or 151 nation of WTO. If International Business does not flourish then Global Economy reach has touched around \$54 trillion of USA would not have seen the light of day.

International Business simplifies the business modality by removing all kinds of trade & commerce barriers , The Goods and Services flow without frontiers and wherever goods & services are needed they can provided in short it's kind of “CARE CATERING” to the masses wherever they need care. There are two types of nation First one is **Labor Intensive** and other is **Capital Intensive**.