

OPERATIONAL PERFORMANCE OF NATIONAL INSURANCE COMPANY LIMITED

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ABSTRACT

Operating performance is also an important parameter to measure the effective functioning of National Insurance Company Ltd. The operating performance of the company can be gauged in term of the number of products introduced over a period of time, ages of claims, year-wise settlement of grievances, motor third party cases compromised through various fields. A low cost personal accident insurance cover plan. It protects against unfortunate eventualities at a very nominal and cost-effective premium. As part of its life insurance business, Gramin Personal Accident Policy is one of the such policies launched from 2001-02 onwards and also Universal Health Insurance scheme was launched in July 2003 to cover the poor people so that they can get better medical care by paying less premium. They can also avail cash less service in the nominated hospitals and Nursing Homes. This policy can be issued to an individual or groups. After delinking from General Insurance Corporation, the National Insurance Company Ltd., has started operating its business independently. Different products have been introduced from time-to-time to cater the various needs of different state of policy-holders.

KEYWORDS: NICKL, Personal Accident Insurance Policy, Universal Health Insurance.

1.INTRODUCTION

Insurance whether life or general is basically a protective umbrella. It is a warm blanket of economic security. It must be used for a secured life. It is the amount that provides certain from the uncertain risks. Insurance is that one gets into the habit of saving money. It also provides security of the economic value. The insurance business is classified into first and third party insurance on the basis that if the insurer insures his own property or a person with self insurable interest. In this class, the insurance covers the property of insured and if damage is caused to the property and claim is paid to the insured and no third party is involved. In the third party insurance, risk is covered to meet the damages sustained by the third party because of operation of risk of property of first party. The third party is concerned only with the receipt of claim on the happening of an event. Based on the purpose and objectives of the insurance, the insurance business may also be classified into personal insurance, commercial insurance and social

insurance business. The personal insurance covers risk against personal property and the life of insurer. Life insurance policy, accident policy, policies concerned to the risks of theft, burglary, and health insurance are some of the examples.

2.OBJECTIVES: Neelam Jaim [1] in his attempt on “Liberalization of Insurance Industry in India; Opportunities and Challenges” emphasized the need for private sector entry into insurance is justifiable on the basis of enhancing the efficiency of operations, achieving greater density and insurance coverage in the country and for a greater mobilization of long-term savings for long gestation infrastructure projects. There appears to be an almost universal agreement that the Indian Insurance Industry has a vast growth potential. The conclusion is based on the fact that the Indian economy is among the most underinsured market in terms of spread and penetration[2]. Stressed that the insurance constitutes an important service segment accentuating economic development by resource mobilization, utilization and resource creation. The author also categorically stated that risk is incidental in life and business and possibility of hazard, danger, loss, injury or other adverse consequences (a health risk, a risk of fire etc.)[3]. Biswajit Chatterjee and Ram Pratap Sinha,[4] overviewed the functioning of insurance industry for the last two decades both in terms of number and intensity of natural disasters and found that their role has been increasing over the years. The author also expressed the opinion that in spite of various marketing strategies being adopted by reputed insurance players, it is still unable to penetrate the rural areas[5].

3.IMPORTANCE: General Insurance as a technique provides protection against loss arising due to fortuitous events, for consideration, was in vogue as early as in 4th Century B.C. From a vogue practice, insurance has evolved into a systematic and scientifically based concept-offering protection against almost all conceivable risks. General Insurance offers numerous direct and indirect benefits. They include (i) Financial Security to an individual. (ii) Assistance to business enterprise. (iii) Financial stability to commerce, industry and the community. (iv) A basis for credit. (v) Funds for Investment in Government Securities and Corporation Sector. The General Insurance Companies in public sector like NICAL, NIACL, OICL, UICL are independent entities. Although the type of insurance covers (products) offered by them are uniform and rates (prices) for various products are almost similar, yet they are free to compete against themselves as far as “Service” aspect is concerned for procurement of business.

4.SCOPE OF THE STUDY: The analysis of the present study is confined to evaluate the physical growth, operational and financial performance of National Insurance Company Ltd. during 2001-09 period only.

5.METHODOLOGY: The data collected from the official records and annual reports of GICs and NICAL have been processed, tabulated through computers. For analyzing and evaluating the data over a period of time, the statistical techniques like linear growth rate, simple percentages are also used.

6.RESULTS AND DISCUSSION**TABLE.1 YEAR-WISE DETAILS OF PERSONAL ACCIDENT INSURANCE FOR
KISAN CREDIT CARD HOLDERS OF NICL****(RS. IN THOUSANDS)**

Year	No. of policies issued	No. of persons covered	Premium received Rs.	No. of claims reported	No. of claims settled	Amount paid Rs.	Incurred claim ratio (%)
2001-02	1000 (0.83)	55000 (2.15)	1574 (2.60)	7 (1.38)	Nil (0.00)	Nil (0.00)	22.24
2002-03	16700 (13.97)	61500 (2.40)	1837 (3.02)	10 (1.97)	4 (1.01)	266 (1.60)	14.48
2003-04	11792 (9.86)	157047 (6.14)	2011 (3.31)	18 (3.55)	7 (1.77)	350 (2.11)	44.75
2004-05	19149 (16.02)	308612 (12.07)	12344 (20.33)	99 (19.56)	85 (21.57)	2618 (15.84)	26.86
2005-06	40821 (34.16)	308460 (12.06)	11840 (19.50)	114 (22.53)	84 (21.32)	3043 (18.41)	20.99
2006-07	16277 (13.62)	515399 (20.16)	9521 (15.68)	104 (20.55)	59 (14.97)	2823 (17.08)	48.18
2007-08	6912 (5.78)	68182 (2.66)	5338 (8.80)	49 (9.68)	50 (12.70)	2190 (13.25)	32.33
2008-09	6836 (5.76)	1081850 (42.36)	16228 (26.76)	105 (20.78)	105 (26.66)	5237 (31.61)	32.72

Total	119487 (100.00))	2556050 (100.00))	60693 (100.00))	506 (100.00))	394 (100.00))	16527 (100.00))	30.31
LGR	2.16	30.91	22.30	21.72	27.07	31.19	6.56
Average	14935.88	319506.3	7586.62	63.25	49.25	2065.87	-

TABLE.2 YEAR-WISE PERFORMANCE DETAILS OF LINE JANATA PERSONAL ACCIDENT POLICY OF NICL

(RS. IN THOUSANDS)

Year	No. of policies issued	No. of persons covered	Premium received Rs.	No. of claims reported	No. of claims settled	Amount paid Rs.	Incurred claim ratio (%)
2001-02	775000 (42.84)	1038000 (3.76)	133696 (6.76)	7000 (16.60)	6000 (17.96)	218235 (14.65)	186.00
2002-03	192000 (10.60)	875000 (3.17)	230505 (11.67)	7100 (16.83)	5300 (15.86)	207822 (13.95)	112.80
2003-04	109877 (6.07)	2478740 (8.98)	257160 (13.02)	7240 (17.16)	3773 (11.30)	192040 (12.89)	77.10
2004-05	136009 (7.52)	11015163 (39.93)	148028 (7.50)	3617 (8.57)	2447 (7.32)	195541 (13.13)	199.66
2005-06	15826 (0.87)	957072 (3.46)	90109 (4.56)	5127 (12.15)	3077 (9.21)	251043 (16.86)	489.64
2006	170351	2725388	81696	5553	6947	159914	365.9

-07	(9.42)	(9.88)	(4.13)	(13.19)	(20.80)	(10.74)	5
2007-08	267151 (14.75)	7970276 (28.89)	48054 (2.43)	4505 (10.68)	4195 (12.55)	20642 (1.38)	386.2 8
2008-09	142621 (7.93)	524562 (1.97)	85591 (4.33)	2035 (4.8)	1669 (5.00)	243568 (16.36)	264.4 9
Total	180883 5 (100.00)	2758420 1 (100.00)	197483 9 (100.00)	42177 (100.00)	33408 (100.00)	148880 5 (100.00)	260.2 4
LGR	7.65	7.79	-16.24	-11.58	-7.32	-5.11	14.06

Source: Annual Reports of National Insurance Company Ltd. from 2001-2002 to 2008-2009.

TABLE .3 YEAR-WISE DETAILS OF GRAMIN PERSONAL ACCIDENT POLICES OF NICL

(RS. IN THOUSANDS)

Year	No. of policies issued	No. of persons covered	Premium received Rs.	No. of claims reported	No. of claims settled	Amount paid Rs.	Incurred claim ratio (%)
2001-02	37000 (24.55)	99000 (1.64)	495 (0.10)	4700 (42.27)	4000 (38.68)	400 (0.10)	3.00
2002-03	30200 (20.04)	168100 0 (27.83)	8407 (1.72)	1800 (16.20)	1900 (18.37)	920 (3.23)	109.5 5
2003-04	59110 (39.23)	661822 (10.95)	202011 (41.45)	1434 (12.90)	1347 (13.02)	110369 (27.71)	42.34
2004-05	6853	240713 7	131088	1713	1457	188381	67.25

	(4.55)	(39.85)	(26.88)	(15.40)	(4.10)	(47.30)	
2005-06	8887 (5.90)	104063 (1.72)	52204 (10.70)	467 (4.20)	373 (3.60)	23431 (5.88)	104.55
2006-07	6980 (4.63)	897628 (14.86)	87446 (17.93)	853 (7.67)	1203 (11.63)	69872 (17.54)	108.71
2007-08	906 (0.60)	154748 (2.56)	5543 (1.13)	93 (0.83)	09 (0.08)	3761 (0.95)	47.29
2008-09	727 (0.50)	34385 (0.57)	463 (0.09)	57 (0.53)	51 (0.52)	1157 (0.29)	112.00
Total	150663 (100.00)	6039783 (100.00)	487657 (100.00)	11117 (100.00)	10340 (100.00)	398291 (100.00)	74.33
LGR	-35.07	-15.26	-8.54	-37.72	-35.57	-6.38	11.02
Average	18832.88	754972.9	60957.13	1389.62	1292.5	49786.38	-

Source: Annual Reports of National Insurance Company Ltd. from 2001-2002 to 2008-2009.

TABLE .4 YEAR-WISE DETAILS OF UNIVERSAL HEALTH INSURANCE OF NICL**(RS. IN THOUSANDS)**

Sl. No	Year	No. of policies issued	No. of persons covered	Premium received Rs.	No. of claims reported	No. of claims settled	Amount paid Rs.	Incurred claim ratio (%)
1.	2003-04	24430 (14.15)	78140 (12.81)	13405 (12.80)	250 (5.54)	130 (3.85)	497 (4.47)	12.54
2.	2004-05	14577 (8.44)	27709 (4.54)	7749 (7.40)	2152 (47.73)	1659 (49.17)	3659 (32.91)	60.53
3.	2005-06	2054 (1.18)	26699 (4.37)	3504 (3.34)	311 (6.89)	295 (8.74)	2586 (23.26)	55.20
4.	2006-07	8387 (4.85)	28323 (4.64)	3825 (3.65)	361 (8.04)	318 (9.42)	1084 (9.75)	28.77
5.	2007-08	35729 (20.69)	152184 (24.96)	28262 (27.00)	1170 (25.95)	785 (23.26)	2411 (21.69)	19.31
6.	2008-09	87431 (50.69)	296652 (48.68)	47910 (45.71)	264 (5.85)	187 (5.56)	878 (7.92)	2.00
Total		172608 (100.00)	609707 (100.00)	104655 (100.00)	4508 (100.00)	3374 (100.00)	11115 (100.00)	-
Average		28768	101617.	17442.	751.33	562.33	1852.5	-

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Source: Annual Reports of National Insurance Company Ltd. from 2003-2004 to 2008-2009.

Personal Accident Insurance for Kisan Credit Card holders is one of the insurance policies being extended to the policy holders. This scheme has been offering to the policy holders since 2001-02. The details on this policy can be seen in Table.1. According to the table it can be understood that from 2001-02 to 2008-09, as many as 119487 policies were issued under this scheme. The details in terms of percentages clearly bring us to conclude that during 2005-06, 40821 policies were issued representing 34.16 per cent as the highest policies issued and out of the total policies only 0.83 policies were issued in the initial period i.e. 2001-02. However, this scheme is widely accepted and well received during 2008-09 and initially this scheme was opted only by 55000 policy-holders. Regarding the premiums received also, 2008-09 period registered to the extent of 26.76 per cent out of the total premiums received and similarly 2.60 percentage of the premium received was found at the initial years.

The number of claims reported during the study period, it is witnessed that out of the 506 claims reported, as many as 22.53 per cent of the cases were reported during 2005-06 and only 7 cases reported for claims to the extent of 1.38 per cent. With regard to claims settled, it is found that so far 394 claims of personal accident insurance for Kisan Credit Card holders were settled. Of these, 26.66 per cent of the cases were settled during 2008-09 and at the beginning of the year of this scheme i.e. 2001-02, out of seven claims reported no claim was settled. With regard to the total amount paid to the Kisan Credit Card holders, 16,527 thousands and paid and Rs.5237 thousands in 2008-09 towards this policy and only 2002-03 worth of Rs.266 thousands were paid to the policy holders. It is quite interesting to note that a positive growth rate is found in terms of policies received (2.16 per cent), persons covered (30.91 per cent), premiums received 22.30 per cent, number of claims reported 21.72 per cent) claims settled (27.07 per cent) and the amount paid (31.19 per cent). It is gratifying to find a positive linear growth rate in all the aspects of personal accident insurance for Kisan credit card holders of NICL.

Year-wise details of Janata Personal Accident Policy of NICL in terms of number of policies issued, persons covered, premium received, claims reported and settled, and amounts paid since 2001-02 are furnished in Table.2. With regard to number of policies issued by NICL over eight years period come to as many as 18,08,835. Out of these, as many as 7,75,000 policies representing 42.84 per cent are exclusively issued during 2001-02 as the highest number while 15826 Janata Personal Accident Policies were issued during 2005-06. The details of number of persons covered show that during 2004-05 as many as 11015163 persons were covered constituting 39.93 per cent of the total 27584201 persons covered under this Policy and by 2008-09 the number of persons covered were 524562 out of 27584201, representing the least percentage i.e. 1.97. Further, as per as premium received out of the policies covered and the persons covered comes out to Rs.19.74 crore in all eight years. In this regard, 13.02 per cent of premium was received during 2003-04 as the highest premium and the least premium was received (2.43 per cent) during 2007-08. The details on number of claims reported about Janata Personal Accident Policy over eight years period found as 42177 cases. Out of these, the number

of claims settled showed that 20.80 per cent claims were settled during 2006-07 claiming as the highest number and the year 2008-09 is witnessed the least number of cases settled. The total amount disbursed out of Janata Personal Accident Policy over eight years period i.e. 2001-02 to 2008-09 comes out to Rs.148.88 crore. From this, 16.86 per cent of the total amount paid during 2005-06 years and 1.38 per cent of the amount settled during 2007-08. Regarding details of linear growth rate on the various aspects of Janata Personal Accident Policy over eight years period clearly show that there is a positive growth rate (7.65 per cent) in all eight years period in terms of number of policies covered and 7.79 per cent growth rate in case of number of persons covered. But surprisingly, a negative growth rates are noticed in terms of premium received, claims reported and settled including the amount released for settlement of claims.

National Insurance Company Ltd., along with General Insurance business is carrying life insurance business especially after 2001-02 when the company is bifurcated from the GICs. As part of its life insurance business, Gramin Personal Accident Policy is one of the such policies launched from 2001-02 onwards. The total details over eight years period show that as many as 1,50,663 policies were issued covering 6039783 persons, premium received from the policy holders for the same period was Rs.487657 thousands, claims reported were 11117 thousands, claims settled during the same period were 10340 thousands. The total amount paid for eight years from this policy came to Rs.398291 thousands. A closer look at the linear growth rate gives us to infer that there is a negative rate in all aspects of Gramin Personal Accident Policy are showed in Table.3. The average policies issued, persons covered, premium received, claims reported, claims settled stand 18832.88, 754972.9, 60957.13, 1389.62 and 1292.5 respectively.

This scheme was launched in July 2003 to cover the poor people so that they can get better medical care by paying less premium. They can also avail cash less service in the nominated hospitals and Nursing Homes. This policy can be issued to an individual or groups. The individual or group of individuals who have availed this policy can enjoy the benefits such as Medical Reimbursement, Personal Accident cover and Disability Coverage. However, this policy does not cover pre and post hospitalization expenses all other terms and conditions as per mediclaim policy.

Among the insurance policies of NICL, Universal Health Insurance Policy is also one of the schemes well received by the policy-holders. As per the figures in the Table .4 from 2003-04 to 2008-09, as many as 172608 policies were issued under this policy by NICL. Out of these, more than fifty per cent of the policies were issued during 2008-09 as the highest number while only 2054 representing 1.18 per cent of the total policies during 2005-06 and the average policies over six years period were 28768. In case of number of persons recovered during the same period were 609707. Out of the total persons covered, as many as 48.68 per cent were covered exclusively during 2008-09 as the least rates while 4.37 per cent of policy-holders were covered during 2005-06. On the whole, 609707 policy-holders were availed this Universal Health Insurance Scheme. Regarding premiums received from the policy holders, the highest premium was Rs.47910 thousands during 2008-09 and the premium on the policy during 2005-06 was only Rs.3504 thousands. During six years period, so far, 4508 claims were reported and 3374 claims were settled with a total amount of Rs.11115 thousands. More specially, number of

claims reported are more during 2004-05 and the least were during 2003-04. Regarding claims settled, as many as 49.17 per cent were settled with a total amount of Rs.3659 thousands.

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