

*A COMPARATIVE STUDY BETWEEN NEW INDIA ASSURANCE  
COMPANY LIMITED V S BAJAJ ALLIANZ GENERAL INSURANCE  
COMPANY LIMITED FOR HEALTH INSURANCE*

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**Abstract**

The insurance has its beginning way back in the days of early progression when people thought of evolving a distributive manner of bearing losses whereby the society collectively bears the losses to one person/family and minimize the contrary effect of that loss. There are several stories where the King provides monetary help to the persons who suffered loss due to natural calamities and this was nothing but an insurance. Formal way of giving Insurance started with the companies incorporating when a comprehensive Act called The Insurance Act, 1938 had been introduced. General Insurance business was nationalized with effect from 1<sup>st</sup> January,1973.General insurance or non-life insurance policies includes Motor Insurance, Health Insurance, Travel Insurance, Home Insurance, Commercial Insurance these policies provide payments depending on the loss from a particular financial event. General insurance is typically defined as any insurance that is not determined to be life insurance

This paper covers Comparative analysis of general insurance i.e. Health insurance between new India Assurance co.ltd and Bajaj Allianz General Insurance Company Limited with Secondary data,

**Keywords**

Insurance, General Insurance, Public Companies, Private Companies, Health Insurance

### Introduction

General insurance covers insurance of property against fire, burglary, theft; personal insurance covering health, travel and accidents; and liability insurance covering legal liabilities. This category of insurance virtually covers all forms of insurance except life. Other covers may include insurance against errors and omissions for professionals, credit insurance etc. Common forms of general insurance are motor, fire, home, marine, health, travel, accident and other miscellaneous forms of non-life insurance.

Unlike life insurance policies, the tenure of general insurance policies is normally not that of a lifetime. The usual term lasts for the duration of a particular economic activity or for a given period of time. Most general insurance products are annual contracts. There are however, a few products which have a long term.

General Insurance business is conducted by Public as well as private limited companies.

#### List of General Insurance Companies in India

Public Sector	Private Sector	Other General Insurance Companies – Specialised
Agriculture Insurance Co. of India Ltd.	Apollo Munich Health Insurance Co. Ltd.	
National Insurance Co. Ltd.	Bajaj Allianz General Insurance Co. Ltd.	ECGC Ltd. (formerly Export Credit Guarantee Corporation of India Ltd.)
The New India Assurance Co. Ltd.	Bharti AXA General Insurance Co. Ltd.	General Insurance Corporation of India

The Oriental Insurance Co. Ltd.	Cholamandalam MS General Insurance Co. Ltd.	
United India Insurance Co. Ltd.	CignaTTK Health Insurance Co. Ltd.	
	Future Generali India Insurance Co. Ltd.	
	HDFC ERGO General Insurance Co. Ltd.	
	ICICI Lombard General Insurance Co. Ltd.	
	IFFCO-Tokio General Insurance Co. Ltd.	
	Kotak Mahindra General Insurance Co. Ltd.	
	L&T General Insurance Co. Ltd.	
	Liberty Videocon	

	General Insurance Co. Ltd.	
	Magma HDI General Insurance Co. Ltd.	
	Max Bupa Health Insurance Co. Ltd.	
	Raheja QBE General Insurance Co. Ltd.	
	Reliance General Insurance Co. Ltd.	
	Religare Health Insurance Co. Ltd.	
	Royal Sundaram Alliance Insurance Co. Ltd.	
	SBI General Insurance Co. Ltd.	
	Shriram General Insurance Co. Ltd.	
	Star Health and Allied Insurance Co. Ltd.	

	Tata   AIG   General Insurance Co. Ltd.	
	Universal    Sompo General    Insurance Co. Ltd.	

Health care costs are rising every year. Deskbound lifestyle and pressure at work negatively affect the health and can result in a serious illness or medical emergency. Such a situation is sure to unfavorably affect one monetarily, due to the massive expenditure of money on medical expenditure. A health insurance policy is the only way to lessen the financial risks, apart from leading a healthy standard of living. Health insurance guarantees peace of mind in times of crisis, and helps secure own health and that of one's family.

Health insurance covers the medical and surgical expenses of the insured individual due to hospitalization from an ill health. Added riders improve the benefits and scope of the cover.

Health insurance often includes cashless facility at empanelled hospitals, pre and post hospitalization expenses, ambulance charges, daily cash allowance etc.

#### Objectives of study

- a. To study the General Insurance business in India.
- b. To analyze the need of Health Insurance policies.
- c. To determine the features and importance of Health insurance in India.

- d. To examine the performance of Public and Private companies giving health insurance in India.
- e. To evaluate the performance of New India Assurance vs. Bajaj Allianz.
- f. To give suggestion for improving the performance.

### **Scope of the Study**

The scope of the study is limited to one public company and private company. The researcher has selected the two general insurance companies, i.e. New India Assurance Co. Ltd.. and Bajaj Allianz General Insurance Company Limited for comparing performance of health insurance.

### **Features, types and Need of Health Insurance**

Health Insurance/Medicaid is protection against medical costs. A health insurance policy is a contract between an insurer and an individual /group in which the insurer agrees to provide specified health insurance cover at a particular premium. The health insurer usually provides either direct payment (cashless facility) or reimburses the expenses associated with illnesses and injuries.

In India there are two major types of health insurance plans - critical illness insurance and medical insurance. Medical insurance: this form of insurance provides hospitalization cover and pays back medical bills that have been there for paying for diseases or surgery when the insured was admitted in a healthcare facility.

Following are the various forms of medical insurance:

- a) Individual medical insurance
- b) Overseas medical insurance
- c) Group medical insurance

There are certain health policies which pay back the actual expenses of hospitalization for all diseases - these programs are primarily offered by non-life insurance providers and are normally referred to as Mediclaim policies. The other health insurance policies are available from both non-life and life insurers.

### **Basic Features Health Insurance**

- 1] Reimbursement for Hospitalization due to illness/disease/ surgery.
- 2] Reimbursement for Domiciliary Hospitalization expenses in lieu of Hospitalization.
- 3] Pre-hospitalization expenses
- 4] Post-hospitalization expenses
- 5] Ambulance Charges
- 6] Cashless Access
- 7] Income Tax Benefit etc

### **Need of Health Insurance**

Healthcare is costly. Technological advances, new procedures and more effective medicines have increased up the cost of healthcare. This increase has to be borne by the consumer, making treatment high-priced for too many. Health Insurance overcomes these difficulties so that you remain free of anxiety regarding your health. Think for a moment about the huge medical costs you would incur if you suffered a major accident tomorrow or were suddenly stricken by an illness. Uninsured people live with such risks every day. Health insurance seeks to protect you from that risk. It provides the much needed financial assistance.

It also gives tax benefit under section 80D of the Income Tax Act.

Regarding maternity benefit covered in health insurance policies. Most of the companies do not cover maternity and other conditions but some companies like Apollo Munich, Max Bupa have specific plans which cover maternity after specified waiting periods generally 2-4 years.

### **The New India Assurance Company Limited**

New India Assurance Company was formed as a part of the Tata business empire on July 23, 1919. It was later nationalized in 1973 and is currently one of the largest general insurance companies in the country. It was the first general insurance company in India to reach a gross premium of Rs. 16050 crores. The New India Assurance Co. Ltd. has global re-insurance facilities and a significant international presence across 28 countries.

### **Performance of New India Assurance**

New achievement of the company is that Government-owned New India Assurance has launched a premium Rs 1 crore Mediclaim cover for the super-rich, the first such plan by a public sector company.

As of now, New India co. enjoys the market share of 17 per cent in the market .Nine-month performance of the company in the current fiscal ending December 31, New India's net has come down by 38 per cent to Rs 455 crore from over Rs 730 crore a year ago.

### **Bajaj Allianz General Insurance Company Limited**

Bajaj Allianz Life Insurance is a merger between Allianz SE, one of the largest Insurance Company and Bajaj Finserv.

Allianz SE is a leading insurance conglomerate globally and one of the largest asset managers in



the world, managing assets worth over a Trillion (Over INR. 55, 00,000 Crores). Allianz SE has over 115 years of financial experience and is present in over 70 countries around the world.

Its products include:

- a) Health Insurance:
- b) Bajaj Allianz Personal Guard Plan
- c) Bajaj Allianz Extra Care
- d) Bajaj Allianz Health Ensure
- e) Bajaj Allianz Critical Illness

### Performance of Bajaj Allianz non-life insurance

The general insurance business saw gross written premium in Q3 FY17 increase 28 per cent y-o-y to ₹ 1,722 crore while the claims ratio stood at 70.8 per cent (77.3 per cent in Q3 FY16). Solvency ratio was 258 per cent, much above the regulatory requirement of 150 per cent.

Insurance Company	Individual	Floater	Sr. Citizen
Apollo Munich	Lifetime	Lifetime	NA
Bajaj Allianz General	80	80	75
Future Generali	70	70	70
ICICI Lombard	75	75	NA
IFFCO Tokio	70	70	70
Max Bupa	Lifetime	Lifetime	NA
National	Lifetime	Lifetime	90
New India	Lifetime	Lifetime	Lifetime
Oriental	Lifetime	Lifetime	Lifetime
Reliance	75	75	NA
Royal Sundaram	70	70	70
Star	60	60	Lifetime
United	Lifetime	Lifetime	Lifetime

Source: Medimanage.com Research Team

In the above chart, it is clear that generally public companies offer lifetime health insurance policies, and main aim of it is to save the people from increasing healthcare costs right through their life. A product which stops renewal while an insured is still alive is a not so beneficial product. Every insured person should go for lifetime products. Medical Science is progressing and is not available for a common individual, life expectancy in India is also increasing and people are surviving more than 70 years of age. So a product with a lower renewal stopping age than 70 years is completely not suitable.



## Findings

In Budget 2016-17, Finance Minister Arun Jaitley had announced plans for the listing of the four government-run general insurance companies - New India Assurance, National Insurance, United India Insurance and Oriental.

Except for New India Assurance, none of the other three is in a position to get a permission from Sebi unless the sector regulator, Insurance Regulatory and Development Authority (Irdai), steps in. Their balance sheets are in a mess even though they rank number one to four among all non-life insurers in India. New India Assurance is ranked as No.1 company in terms of underwriting practice or on any other metric It is also the largest among the four.

The shorthand measure of the performance of any insurance company is a metric known as combined ratio - the total losses and expenses as a percentage of the total premium earned by an insurance company. It should be less than 100 for a company to earn and show some profit.

Even for New India, the ratios are above 100 per cent. For United India, it is 117.16 per cent as on December 31, 2015; for Oriental 125 per cent; and for National it is 114 per cent. None of their private sector peers has crossed this dubious century. This means government-run companies are eating through their capital for each additional rupee of premium they book.

Insurer	Group Insurance (Excluding Govt Sponsored)			Family Floater			Individual Insurance		
	Net Earned Premium	Claims Incurred	Incurred Claim Ratio (%)	Net Earned Premium	Claims Incurred	Incurred Claim Ratio (%)	Net Earned Premium	Claims Incurred	Incurred Claim Ratio (%)
Bajaj Allianz	23671.09	23109.4	97.63	6615.31	3518.37	53.19	10493.44	6752.88	64.35
Bharti Axa	1639.75	14576.06	88.13	-	-	-	554.87	275.81	49.71
Cholamandalam MS	6040.36	3618.83	59.91	1380.89	724.87	52.49	-	-	-
Future Generali	7494.84	6978.71	93.11	422.76	369.34	92.09	432.31	426.07	98.56
HDFC ERGO	9886.62	9418.07	95.26	2783.69	1710.38	61.44	8327.72	1619.2	19.44
ICICI Lombard	56698.29	51978.06	91.67	10484.75	8179.94	78.02	11352.25	6814.08	60.02
IFFCO TOKIO	8785.56	7928.17	90.24	700.91	464.23	66.23	1568.49	1172.22	74.74
Liberty Videocon	-	-	-	-	-	-	-	-	-
L&T General	1464.16	1599.86	109.27	55.55	21.48	38.67	43.83	17.3	39.49
MAGMA HDI	-	-	-	-	-	-	-	-	-
Raheja QBE	-	-	-	-	-	-	-	-	-
Reliance	10751.46	10527.36	97.92	4753.83	5736.01	120.66	1044.66	846.4	81.02
Royal Sundaram	2371.68	1780.73	75.08	2653.99	989.65	37.29	10654.8	4403.13	41.33
SBI General	476.9	516.5	108.3	0.17	-	-	-28.5	2.72	-9.53
Shriram General	-	-	-	-	-	-	-	-	-
TATA AIG	45.94	-	-	1946.91	192.15	9.87	1620.79	476.31	29.39
Universal Sompo	2167.99	2032.05	93.73	1643.15	1630.33	99.22	123.81	57.97	46.82
National	116149	126485.6	108.9	10018.34	9409.78	93.93	63261.6	70225.8	111.01
New India	120287.3	137568.7	114.37	6439.81	3290.77	51.1	87137.4	79047.1	90.72
Oriental	59051.33	69877.12	118.33	34550.85	25418	73.57	32884	37708.5	114.67
United India	116712	118134	101.22	13122	11721	89.32	39737.6	38722	97.44
Apollo Munich	16494.12	1445.07	87.58	11647.55	5301.91	45.52	10886	4953.26	45.5
MaxBupa	2647.57	2281.66	86.18	7344.5	3509.39	47.78	2737.41	1671.29	61.05
Religare	1033.85	1122.84	108.61	175.71	123.4	70.23	97.15	65.91	67.84
Star Health	40.03	27.13	67.77	244.81	157.3	64.25	115.51	63.78	55.21

### **Conclusion**

Each individual is different and his/her needs also. No one can perfectly claim that the particular company is the Finest or its product. But companies can help people in identifying the features which suited to him or her. Some companies are good in premium, some are good in renewal, and some are good in claim settlement. But by seeing the performance, private companies are doing best in their operations. We notice that in group insurance segment private insurers are aggressive in claim settlement. But when it comes to family floater then general insurance companies and public sector companies are way gaining than standalone health insurance companies. Finally for individual health insurance category again public sector companies are very much aggressive. Surprising part to it is, standalone companies claim settlement ratio for family floater and individual health insurance policies were low compare to others. This may be due to more scrutiny in settling claims due to their in house Third party administrator.

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