

A Comparative Study on Financial Performance of M/S SBI Life Insurance and Co.LTD, Ro-Chennai and ICICI Prudential Life Insurance

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ABSTRACT

The study results from the project titled “A Comparative Study on Financial Performance of SBI Life Insurance Co. Ltd. and ICICI Prudential Life Insurance Co. Ltd.” This project aims to examine the financial performance of both companies by looking at key financial indicators. The study focuses on profitability, liquidity, solvency and operational efficiency over a selected period. The financial data used in this analysis comes from the Annual Reports of the companies, IRDAI publications, and other verified secondary sources. Key financial ratios like Current Ratio, Solvency Ratio, Net Profit Margin, Earnings per Share, Claim Settlement Ratio, and Return on Assets were applied to evaluate the financial stability and efficiency of both companies. The study also compares the performance of SBI Life and ICICI Prudential to identify their financial strengths and weaknesses.

The findings show that both companies have demonstrated consistent growth and strong financial performance, each excelling in different areas. SBI Life shows steady profits and strong customer trust, while ICICI Prudential displays competitive investment strength and digital growth. However, both companies need to keep improving their operating efficiency and policyholder services to further strengthen their market position.

This study offers valuable insights to stakeholders, policyholders, and financial analysts. It helps them understand the financial health of the two leading private life insurance companies in India and make informed decisions.

INTRODUCTION

In the insurance sector, financial performance is crucial for understanding a company's strength and reliability. Today, customers and investors favor companies that show stability, good growth, and consistent service. Therefore, studying financial performance helps us identify which company manages its funds well, earns steady profits, and handles risks effectively.

In this study, I am comparing the financial performance of SBI Life Insurance and ICICI Prudential Life Insurance. Both are leading private insurance companies in India and are popular among customers for life insurance services. By comparing them, we can see which company is performing better and what financial strategies make a difference.

I used key tools like financial ratios, trend analysis, and comparison charts to evaluate profitability, liquidity, solvency, and the overall financial health of both companies. This provides a clear picture of how well each company is growing and managing its responsibilities.

This analysis is useful for students, investors, and anyone interested in the insurance industry. It gives practical insight into how financial statements and data help assess the performance of large companies. By the end of this study, we will understand the financial strengths of both SBI Life and ICICI Prudential, along with areas where they can improve.

In this project, 4 important tools have been used:

- Comparative Statement Analysis
- Common-size Statement Analysis
- Trend Analysis

➤ Ratio Analysis

The comparative analysis helps us compare financial data from two years to understand the increase or decrease in different items. The common-size analysis helps in understanding the percentage of each item in relation to the total, making it easier to compare financial data and identify patterns.

By using comparative and common-size statement analysis, this study offers a clear picture of SBI Life financial position and growth trend. The findings can support the life insurance in planning its future strategies, improving efficiency, and serving the community better.

OBJECTIVES OF THE STUDY

The main objective of the present study is to study the financial performance of SBI and ICICI Prudential life insurance companies. The other objectives of the present study are the followings.

- To evaluate the Company's profitability, liquidity, solvency & efficiency of both companies using various financial ratios.
- To compare the financial performance of SBI Life insurance and ICICI Prudential life insurance during the chosen period and understand how both companies have grown.
- To analyse the asset utilization and liabilities management of both companies to understand how effectively resources are used.
- To identify the financial strengths and weaknesses of SBI Life and ICICI Prudential based on ratio analysis.

REVIEW OF THE LITERATURE

1. **(Gulati & Jain, 2011)** analyzed business performance of all life insurers in industry on the basis of various indicators. LIC was the highest rider in all forms of premiums whereas in the private sector, ICICI Prudential Life Insurance led the Insurance Industry followed by SBI Life Insurance and Bajaj Allianz Life Insurance. The study suggested that even after the entry of private sector, the growth of public sector undertaking had not resulted in downfall even after facing numerous opportunities and challenges.

2. **(Gour & Gupta, 2012)** determined the solvency ratio of Indian Life insurance companies for the period of 3 years from 2009-10 to 2011-12. It analyzed whether performance of different companies was similar or there was any significant difference. On the basis of solvency ratio, ranks were assigned to different companies which showed that ICICI found the best among selected companies of industry followed by Birla Sun Life, SBI, HDFC and LIC. The paper also observed that solvency of life insurers depend on returns received from total investible funds and interest rate.

3. **(Neelaveni, 2012)** evaluated the performance of five life insurance companies in the period of 2002-03 in terms of various plans and policies on the basis of annual growth rate. The study concluded that LIC being the public sector insurance provider was lagging behind due to competition faced by private insurers whereas in terms of financial aspects, private life insurance providers were doing well.

4. **(Bawa & Chattha, 2013)** examines the financial performance of Indian life insurance companies by analysing their profitability determinants. Financial Efficiency was calculated using financial ratios such as the current ratio, solvency ratio, equity ratio, and insurance debt ratio. The samples for this analysis are 18 Indian Life Insurers (including 1 public and 17 private life insurers) and the study period is from 2007-08 to 2011-12. According to the report, the public sector LIC is the most liquid of all life insurers. Future General Life Insurance, IDBI, Sahara, Shri Ram Life Insurance, and SBI Life Insurance have a strong cash position in comparison to other private insurers. Life insurers like Aviva, Bajaj Allianz, IDBI, Max Life, Sahara and SBI Life insurance are more solvency-friendly than other insurers.

5. **(Kumari, 2013)** analyzed efficiency assessment of India's post-liberalization life insurance market by using different

ratios. The study concluded that India has registered a rise in both insurance penetration and density since Indian insurance market was opened to private firms. India's life insurance spectrum is enormous. The total assets to earned premium ratio, investment income to earned premium ratio and investment income to total investment ratio represent an insurer's economic solidity and reveal the performance with respect to investment decisions.

6.(**Dar & Bhat, 2015**) evaluate the financial statements and soundness of selected public and private life insurance companies. The statistical findings of the analysis reveals that there are significant statistical variations in the capital adequacy, revenue, profitability and liquidity roles in selected insurers of public and private life. The overall result reveals that the capital adequacy among selected private life insurers is much greater than the average amount of capital of public life insurer. But the public life insurers surpass the private life insurers in their profitability in the analysis period. The study also showed that public life insurers had a higher liquidity in relation to private life insurers during the examined period.

7.(**Dr.Parmasivan, 2015**) has carried out a comparative analysis of insurance providers in India in the public and private Life Insurance Companies. Current ratio and debt equity ratio is estimated to measure the solvency ratio for financial efficiency. The analysis shows that LIC already dominates the market. The new commercial channels of promotion are used by private sector insurance providers in comparison to LIC. The sale of more plan-linked units allows private insurers to capture LIC market share. Private insurers are also better than LIC's solvency and lapse ratios. In comparison with private life insurance the service of death lawsuits was higher for LIC.

8.(**Mishra, 2015**) suggest that the current public insurers with ensuring cost-effectiveness should stay competitive also. These public sector firms have taken a range of steps with regard to competition with private sector businesses. But, despite changing their strategy and ideology in the post-Reform era, the government sector companies do need to reassess their current status. Insurance firms must ensure that premium goods are guaranteed at a fair price and companies can reduce the price of the commodity by reducing costs. Success depends on their sustainability, competitiveness, reliability and quality of service performance.

9.(**Naidu & Paramasivan, 2015**) highlighted that the measurement of performance of insurance firms become important, because they not only include the money saving and risk transfer process, but also help to properly redirect funds in order to finance investment activities in the economy.

10.(**Solanki, 2016**) examined the profitability of life insurance companies. For measuring the profitability of the company's various ratios were calculated. The study shows that the private sector life insurances companies should strive to increase its business by issuing more and more policies in order to retain its market share in the competitive scenario.

11. (**Vasavi & Reddy, 2020**) analyzed that there is a significant difference in the earnings and profitability performance of ICICI Prudential Life Insurance and SBI Life Insurance. The findings suggested that ICICI Prudential Life Insurance outperformed SBI Life Insurance for two indicators of the three indicators chosen for the report. ICICI Prudential Life Insurance has shown itself to be a more stable insurer by having a higher mean valuation for the income on investments ratio and return on equity ratio. Although ICICI Prudential Life Insurance has taken SBI Life Insurance's lead over the whole study period in retaining the higher investment earnings ratio.

RESEARCH METHODOLOGY

Title: "A Comparative Study On Financial Performance of M/S SBI Life Insurance and Co. Ltd, Ro-Chennai and ICICI Prudential Life Insurance."

1. Research Design:

A Research Design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in procedure". In fact, the research design is the conceptual

structure with in which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data, the research design utilized in this study is analytical research.

2. Sources of Data:

This study mainly depends on the secondary data. The relevant and required data were collected from the text books, websites, National and International articles, as well as annual reports of ICICI Prudential Life Insurance and SBI Life Insurance.

3. Tools and Technique:

The present study is an analytical study. For the analysis of data in the form of various profitability ratios, liquidity ratio, Persistency Ratio, Solvency Ratio and the statistical tools.

To evaluate the Company's profitability, liquidity, solvency & efficiency through various financial ratios. These tools have been used are

- **Profitability Ratio:**

Profitability Ratios are financial metrics used to assess a company's ability to generate profit relative to its revenue, assets, equity, or other financial metrics. These ratios help evaluate how efficiently a company is operating and its overall financial health by comparing profits to various aspects of its business.

Net profit Ratio

$$\text{Net profit} = \frac{\text{NET PROFIT}}{\text{REVENUE}}$$

- **Liquidity Ratio:**

Liquidity is a very critical part of a business. Liquidity is required for a business to meet its short-term obligations. Liquidity ratios are a measure of the ability of a company to pay off its short-term liabilities. Liquidity ratios determine how quickly a company can convert the assets and use them for meeting the dues that arise. The higher the ratio, the easier is the ability to clear the debts and avoid defaulting on payments.

Current Ratio:

$$\text{Current ratio} = \frac{\text{CURRENT ASSET}}{\text{CURRENT LIABILITIES}}$$

Quick Ratio:

$$\text{QUICK RATIO} = \frac{\text{QUICK ASSET}}{\text{CURRENT LIABILITIES}}$$

- **Solvency Ratio:**

A solvency ratio is a key metric used to measure an enterprise's ability to meet its long-term debt obligations and is used often by prospective business lenders. A solvency ratio indicates whether a company's cash flow is sufficient to meet its long-term liabilities and thus is a measure of its financial health. An unfavourable ratio can indicate some likelihood that a company will default on its debt obligations.

$$\text{PROPRIETARY RATIO} = \frac{\text{SHAREHOLDER'S FUND}}{\text{TOTAL ASSETS}}$$

DATA ANALYSIS AND INTERPRETATION

1.LIQUIDITY RATIOS:

$$\text{CURRENT RATIO} = \text{CURRENT ASSETS} / \text{CURRENT LIABILITIES}$$

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE
2023	1.85	1.01
2024	2.13	1.23
2025	1.38	1.29

TABLE 5.25

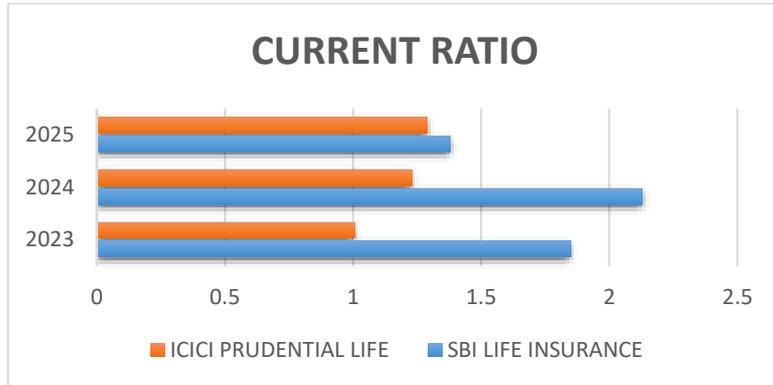


FIGURE 5.1

Interpretation:

SBI Life had strong liquidity in 2023 and 2024 with current ratios of 1.85 and 2.13, but it dropped to 1.38 in 2025. In 2023, ICICI Prudential started at 1.01 but rose to 1.23 in 2024 and 1.29 in 2025. SBI Life performed better in the first two years, but both companies had similar liquidity in 2025, with ICICI improving.

QUICK RATIO = QUICK ASSETS / CURRENT LIABILITIES

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE
2023	1.85	1.01
2024	2.13	1.23
2025	1.38	1.29

TABLE 5.26

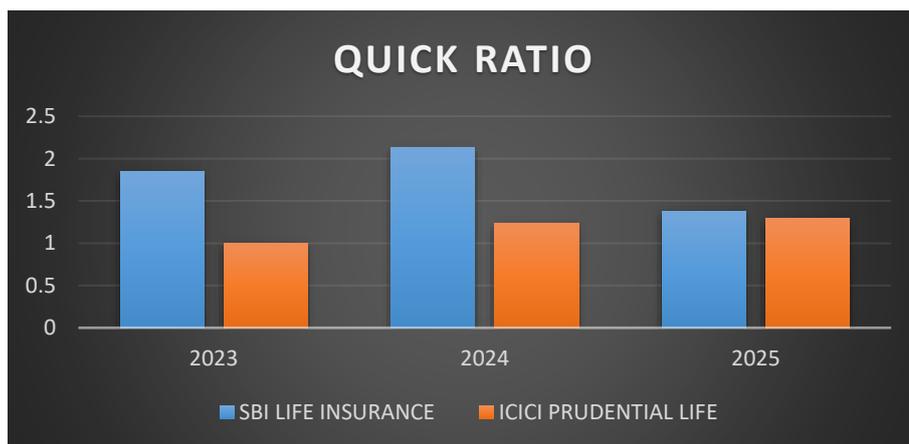


FIGURE 5.2

Interpretation:

Both companies' current and quick ratios follow a similar pattern. SBI Life had strong liquidity ratios of 1.85 and 2.13 in 2023 and 2024, indicating its ability to meet short-term obligations with quick assets. The ratio fell to 1.38 in 2025, indicating liquidity weakness. In contrast, ICICI Prudential's quick ratio started at 1.01 in 2023 and steadily increased to 1.23 in 2024 and 1.29 in 2025. In the first two years, SBI Life performed better, but in 2025, both companies were almost equal, with ICICI improving consistently.

2.PROFITABILITY RATIO:

NET PROFIT RATIO = NET PROFIT / REVENUE FROM OPERATION *100

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE
2023	2.8	2.84
2024	2.59	1.12
2025	3.17	2.08

TABLE 5.2

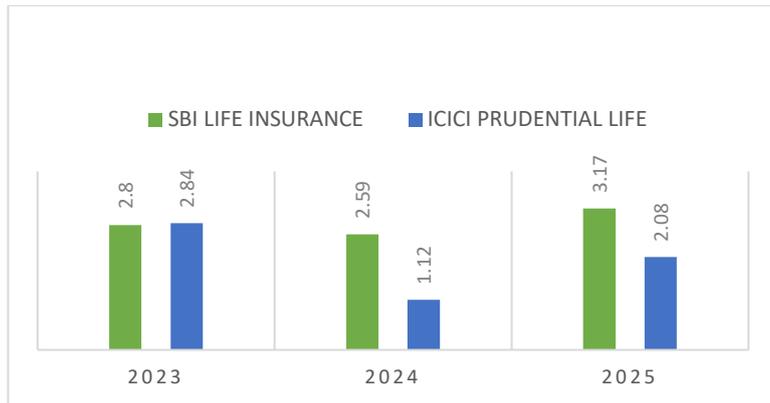


FIGURE 5.3

Interpretation:

The three-year net profit ratio shows different profitability trends for both companies. SBI Life had ratios of 2.8% in 2023, 2.59% in 2024, and 3.17% in 2025, indicating a strong profit improvement. ICICI Prudential's ratio was 2.84% in 2023 but plummeted to 1.12% in 2024 before rising to 2.08% in 2025. SBI Life has more stable and improving profitability, while ICICI Prudential fluctuates with a big drop in 2024 and a partial recovery in 2025.

3.SOLVENCY RATIO:

PROPRIETARY RATIO = SHAREHOLDER’S FUND / TOTAL ASSETS

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE
2023	0.00	0.03
2024	0.04	0.03
2025	0.04	0.03

TABLE 5.28

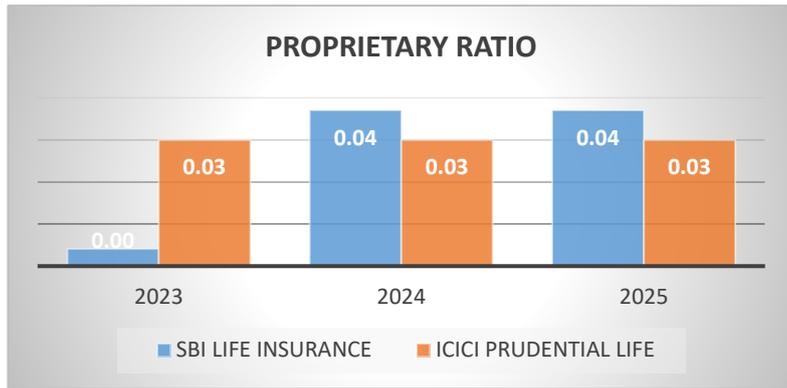


FIGURE5.4

Interpretation:

The proprietary ratio shows how much shareholders' money finances company assets. Despite a very low ratio of 0.00 in 2023, SBI Life's long-term financial stability improved to 0.04 in 2024 and 2025. In all three years, ICICI Prudential had a ratio of 0.03 and lower owner financing than SBI Life, which improved later. SBI Life improves its proprietary position in 2024 and 2025, while ICICI remains unchanged.

DEBT EQUITY RATIO = TOTAL LONG TERM DEBT / SHAREHOLDERS FUND

YEAR	SBI LIFE INSURANCE	ICICI PRUDENTIAL LIFE
2023	11.97	10.26
2024	14.16	11.2
2025	14.13	11.61

TABLE 5.29

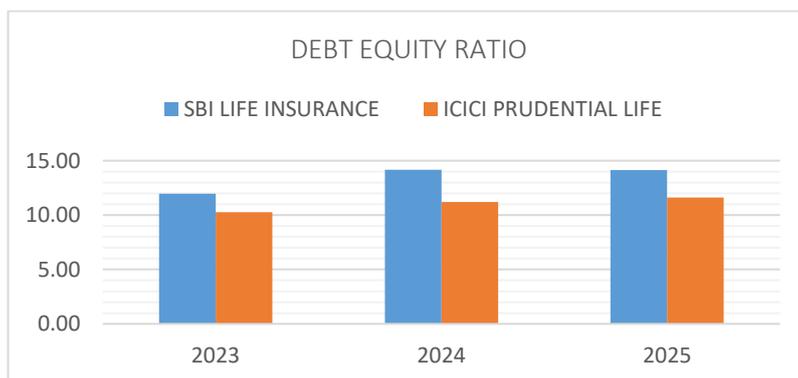


FIGURE5.5

Interpretation:

The debt-equity ratio shows how much each company depend on long-term debt against its own funds. Beginning at 11.97 in 2023, SBI Life's ratio rise to 14.16 in 2024 before falling to 14.13 in 2025. This means SBI Life borrows more to operate. ICICI Prudential has lower debt ratios than SBI Life, 10.26 in 2023, 11.20 in 2024, and 11.61 in 2025, though its borrowing is rising every year. Overall, SBI Life is more debt-dependent, while ICICI shows a more controlled use of long-term debt.

FINDINGS:

- The financial analysis shows that SBI Life consistently performs better than ICICI Prudential in key areas such as profitability, liquidity, and operational efficiency. ICICI Prudential, however, maintains a more stable and balanced financial structure with controlled debt levels.
- SBI Life Insurance demonstrates stronger profitability ratios, indicating superior earnings capacity and better income generation from its core operations. ICICI Prudential's profitability is comparatively lower and more fluctuating, which reflects challenges in controlling expenses or generating consistent revenue.
- SBI Life has higher current and quick ratios across most years, proving its ability to meet short-term obligations comfortably. ICICI Prudential falls behind in liquidity, indicating that short-term assets are not sufficient to cover immediate liabilities as efficiently as SBI Life.
- Debt-equity ratio analysis shows SBI Life is *highly leveraged*, depending heavily on long-term borrowed funds. Although this aggressive strategy supports growth, it increases long-term risk. ICICI Prudential maintains lower debt levels, reflecting a safer and more conservative capital structure.
- SBI Life shows better efficiency in utilizing its assets and generating income from investments and business operations. ICICI Prudential's performance is stable but not as efficient, indicating scope for improving resource utilization.
- The financial ratio analysis highlights two different business strategies—SBI Life follows a high-growth, high-risk model, while ICICI Prudential adopts a moderate, risk-controlled model. Both companies are financially healthy but differ in their approach to growth and resource management.

CONCLUSION:

The comparative analysis of SBI Life Insurance and ICICI Prudential Life Insurance shows that both companies have demonstrated strong financial presence in the Indian insurance market. However, their financial performance varies across profitability, solvency, and efficiency metrics. SBI Life generally reflects stronger profitability and stability, while ICICI Prudential shows scope for improvement in solvency and growth consistency.

The ratio analysis helped highlight not only the financial strengths of both companies but also the areas where they need to improve—such as asset utilization, cost control, solvency management, and digital service enhancement. With the growing competition in the insurance sector, both companies must continuously innovate, maintain customer trust, and adopt modern technologies to sustain long-term growth.

Profitability trends reveal that both companies experienced a dip in net profit ratios, suggesting that rising expenses or operational challenges may have affected their efficiency. However, SBI Life consistently shows comparatively better profit performance. When it comes to customer retention, the persistency ratios reflect steady improvement in both companies, showing that customers are gradually becoming more loyal and satisfied with the service experience. ICICI Prudential performs slightly better in early-period persistency, while SBI Life shows strong progress and stability in later years.

The solvency position of both companies remains above the regulatory benchmark, proving that they are financially safe and capable of meeting long-term commitments. The overall analysis shows that SBI Life stands slightly ahead in financial strength, while ICICI Prudential demonstrates competitive performance in customer continuity and long-term policyholder engagement.

In conclusion, both companies are financially stable and growing, but there is scope for improvement—especially in profitability and operational efficiency. If the identified gaps are addressed proactively, both insurers can further strengthen their competitive position, enhance customer trust, and achieve sustainable growth in the dynamic insurance market.

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