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Capital Management and Price Indicators in Insurance Sector (A Study on Star Health & Allied Insurance)

Dr. M. PRAKASH, M. Com., MBA., M.Phil., PGDCA., Ph.D.

Professor

Dr. T. SUMATHI, M. Com., M.Phil., PGDCA., Ph.D.

Assistant Professor

DEPARTMENT OF COMMERCE COMPUTER APPLICATIONS Dr. N.G.P. ARTS AND SCIENCE

COLLEGE COIMBATORE-48 Mr. NISHANTH.V

Mr. ABHINAV. B STUDENTS B.Com.CA

Dr. N.G.P. ARTS AND SCIENCE COLLEGE COIMBATORE-48

ABSTRACT

This research enhances the understanding of the strategic methods insurers use to maintain financial stability while ensuring competitive pricing. It also provides recommendations for optimizing capital efficiency and refining pricing strategies in the insurance sector. The study is particularly valuable for stakeholders such as policymakers, investors, and financial analysts seeking to grasp the complexities of capital management and pricing indicators within the industry. Focusing on Star Health & Allied Insurance, the research examines the interplay between capital adequacy, solvency margins, and profitability. Additionally, it explores the impact of market trends, consumer behavior, and economic factors on the company's pricing strategies. Through an analysis of financial statements, regulatory reports, and market data, the study offers insights into how capital management decisions influence the company’s financial performance and competitive standing.

Keywords: Capital Management, Price Indicators, Insurance Sector, Star Health & Allied Insurance, Financial Stability, Solvency, Pricing Strategy

INTRODUCTION

The insurance industry plays a vital role in the financial ecosystem by providing protection against financial uncertainties for individuals and businesses. Among the leading insurance providers in India, Star Health and Allied Insurance has established itself as a pioneer in the health insurance segment. This project aims to explore the capital management strategies and analyze key price indicators that influence the stability and performance of the insurance sector, with a specific focus on Star Health and Allied Insurance. Capital management in the insurance industry involves the strategic allocation and utilization of financial resources to ensure solvency, profitability, and long-term sustainability. Effective capital management enables insurers to

comply with regulatory requirements, mitigate risks, and maintain customer confidence. Additionally, price indicators such as premium rates, claims ratios, underwriting margins, and investment income—play a crucial role in assessing the financial health and operational efficiency of an insurance company. This study will provide insights into how these factors impact the overall stability and growth of the insurance sector.

Capital management in the insurance industry involves the strategic allocation and utilization of financial resources to ensure solvency, profitability, and long- term sustainability. Effective capital management enables insurers to comply with regulatory requirements, mitigate risks, and maintain customer confidence. Additionally, price indicators—such as premium rates, claims ratios, underwriting margins, and investment income—play a crucial role in assessing the financial health and operational efficiency of an insurance company. This study will provide insights into how these factors impact the overall stability and growth of the insurance sector.

SCOPE OF THE STUDY

The scope of the study on capital management and price indicators in the insurance sector, with a specific focus on Star Health and Allied Insurance, Explore how Star Health allocates capital across its operational activities to optimize profitability and manage risks. Analyze how the company determines insurance premiums for its products, considering risk assessment and market trends**.**

STATEMENT OF PROBLEM

The health insurance sector, faces challenges in balancing capital adequacy with competitive pricing strategies. The volatility in the insurance market, regulatory changes, and customer expectations create complexities in capital allocation and pricing decisions. This study seeks to analyze how capital management strategies impact financial stability and how price indicators influence consumer behavior and company performance. The findings will help understand whether the company's pricing and capital management practices are aligned with industry standards and contribute to sustainable growth.

OBECTIVES OF THE STUDY

- ✓ To assess the claim ratio in the capital management of the company.
- ✓ To analyze the market competition as a price indicator of the company.

RESEARCH METHODOLOGY RESEARCH DESIGN

A researcher usually chooses the research methodologies and techniques at the start of the research. The document that contains information about the technique, methods and essential details of a project.

SAMPLE SIZE

The sample size taken for this study is 130 respondents. Out of 130 respondents, I have taken only 127 respondents because of remaining 3 respondents are not responded to the questions.

SAMPLE TECHNIQUE

The sampling technique used for the study is Convenience sampling.

AREA OF THE STUDY

The area covered under this research is Star health and allied insurance.

SOURCE OF DATA

The study includes both primary and secondary data was collected for this study

Primary data

Primary sources of data which is collected for the first time it is original data for the data purpose of collection of primary data, questionnaire were filled by the respondents. The questionnaire comprises of close ended. The data have been collected from policy Agents.

Secondary data

Secondary data were already collected by and readily from other sources. In this project, that data have been collected from the following sources journal, articles, websites and books.

Tools used for analysis

- Chi-square test
- Rank analysis

LIMITATION OF THE STUDY

- Access to detailed internal data on Star Health's capital management practices may be limited.
- The study may not be able to fully capture the impact of all external factors on the company's performance.

REVIEW OF LITERATURE

1. Jamil Jamil, Anwar Al Al-Gasaymeh , Maha Shehadeh, Asma S. Alzwi ,(2024)

" Enhancing Predictive Accuracy of Insurance Stock Market in Jordan using Hyprid GFS. Thrift Model: A Genetic Fuzzy System-based Fintech Approach" This study enhances the prediction accuracy of the Amman Stock Exchange's (ASE) insurance sector index (ICI) using the maximum overlapping discrete

wavelet transform (MODWT) with five mathematical functions—Haar, Daubechies (d4), least square (la8), best localization (bl14), and Coiflet (c6). A genetic fuzzy system based on Thrift's methodology (GFS .Thrift) was employed, utilizing 4,478 daily observations from January 2, 2006, to March 24, 2024 .

2. I. Rohman, Rizky Ronaldo, Reza Yamora Siregar (2024)" Interrelationship Between Macroeconomic Variables With Insurance Premiums and Claims – Lessons For Indonesia & ASEAN", The insurance sector plays a vital role in managing financial risks, especially amid increasing global uncertainties like climate change, financial crises, and the COVID-19 pandemic. This study examines the impact of macroeconomic variables on insurance gross premiums and claims using panel data regression on 63 countries from 2010 to 2019. Key indicators—real GDP, inflation, interest rates, and exchange rates—significantly influence insurance performance. While GDP and inflation have a lasting positive impact, exchange rates negatively affect gross premiums.

3. Chenchen Fan, Chunyan Li, Xiaoting Song, (2024), "The relationship between health insurance and economic performance: an empirical study based on meta-analysis" Health insurance plays a crucial role in social well-being and economic development, yet existing research lacks consensus on its exact impact. This study conducts a meta-analysis of 479 effect values from 34 independent studies, revealing a strong positive correlation between health insurance and economic performance [r=0.429,95[r = 0.429, 95% CI = (0.381, 0.475)][r=0.429,95. Findings suggest that health insurance in developed countries has a greater economic impact than in developing ones, with public insurance being more influential than commercial insurance.

4. Avani Radheshyam, V. Ramani, Subramanyam Thupalle, Tejaswini Bangalore Daruka Adhya, Radheshyam Naik , (2024), "Effectiveness of meditation on wellness management among corporate employees in India: An interventional study", This study examines the impact of meditation on workplace well-being among corporate employees in India through a quasi-experimental design. Conducted from May to June 2021, it assessed stress, quality of life (QoL), and wellness indices using standardized scales. Among 220 participants, 146 underwent the meditation intervention. Results showed a reduction in stress and significant improvements in QoL, satisfaction with life, and well-being, with greater positive changes in the intervention group compared to the control group.

5. Akriti Sachan, Sunita Srivastava ,(2024), " Financial Performance Evaluation of Indian General and Standalone Health Insurance Companies: A Grey Relational Analysis Approach", This study evaluates the financial performance of 23 Indian general insurance companies (GICs) and 4 standalone health insurance companies (SHICs) fr1om 2019- 2020 to 2021-2022 using Grey Relational Analysis (GRA). The results rank companies based on their financial performance, with Shriram Insurance leading among GICs, followed by Go Digit, ICICI Lombard, and Bajaj Allianz. Among SHICs, Care Health Insurance ranks highest, followed by Manipal Cigna, Niva Bupa, and Star Health. The findings suggest that insurance firms should prioritize profitability and operating ratios to strengthen their financial position.

ANALYSIS AND INTERPRETATION

Table 1:

CORRELATIONS ANALYSIS OF RELATION BETWEEN HOUSEHOLD INCOME OF THE RESPONDENTS AND FACTOR CONTRIBUTES MOST TO THE COMPANYS STRONG REPUTATION

Correlations			
		HOUSEHOLD INCOME OF THE RESPONDENTS	FACTOR CONTRIBUTES MOST TO THE COMPANY'S STRONG REPUTATION
HOUSEHOLD INCOME OF THE RESPONDENTS	Pearson Correlation	1	.202*
	Sig. (2-tailed)		.023
	N	127	127
FACTOR CONTRIBUTES MOST TO THE COMPANY'S STRONG REPUTATION	Pearson Correlation	.202*	1
	Sig. (2-tailed)	.023	
	N	127	127
*. Correlation is significant at the 0.05 level (2-tailed).			

INTERPRETATION

The Above table indicates that out of 127 respondents, co-efficient of correlation between household income of the respondents and factor contributes most to the company's strong reputation is 0. 202. It is below 1. So there is positive relationship between household income of the respondents and factor contributes most to the company's strong reputation**.**

INFERENCE

The correlation coefficient of 0.202 indicates a weak positive relationship between household income and the factor contributing most to the company's strong reputation

RANKING ANALYSIS

Table2: FACTORS THAT INFLUENCE MARKET COMPETITION AS A PRICE INDICATOR OF THE COMPANY

FACTORS	1	2	3	4	5	6	7	8	9	10	TOTAL	RANK
Pricing strategies of Competitors	20	20	33	36	75	78	161	96	63	70	652	IV
Product differentiation and coverage options	23	22	45	40	55	72	91	112	108	60	628	V
Customer preferences and switching behavior	10	30	60	100	55	96	98	48	54	40	591	IX
Regulatory policies and industrial standards	7	42	39	64	60	66	105	112	117	50	662	III
Marketing and promotional strategies	18	24	39	60	85	36	133	136	54	40	625	VI
Supply chain costs and Efficiency	19	26	45	60	85	66	91	92	54	90	608	VII
Brand reputation and Loyalty	20	22	48	60	65	84	119	40	126	20	604	VIII
Economic condition	23	40	30	28	90	114	140	32	27	30	554	X
Technological advancements and innovations	12	28	18	56	85	54	35	32	270	160	750	I
Market share and growth Objectives	15	22	27	48	85	66	98	128	162	40	691	II

(Source: Primary data)

INTERPRETATION

The above table shows that the price indicator of the company Pricing strategies of competitors shows fourth rank, Product differentiation and coverage options shows fifth rank, Customer preferences and switching behaviour shows ninth rank, Regulatory policies and industrial standards shows third rank, Marketing and promotional strategies shows sixth rank, Supply chain costs and efficiency shows seventh rank, Brand reputation and loyalty shows eight rank, Economic condition shows tenth rank, Technological advancements

and innovations shows first rank, Market share and growth objectives shows second rank.

INFERENCE

Technological advancements and innovations shows first rank respondents are mostly use in market competition.

FINDINGS

Analysis on factors that influence market competition as a price indicator of the company Pricing strategies of competitors shows fourth rank, Product differentiation and coverage options shows fifth rank, Customer preferences and switching behaviour shows ninth rank, Regulatory policies and industrial standards shows third rank, Marketing and promotional strategies shows sixth rank, Supply chain costs and efficiency shows seventh rank, Brand reputation and loyalty shows eight rank, Economic condition shows tenth rank, Technological advancements and innovations shows first rank, Market share and growth objectives shows second rank.

SUGGESTIONS

- To further streamline the procedure, it is advised that the business improve the most favored aspect of claim handling efficiency.
- To increase customer happiness and trust, it is advised that the business enhance the most valued component of claim settlement.
- It is recommended that the business make sure that claim evaluations take a balanced approach, taking into account policyholder rights, industry rules, and financial stability.

CONCLUSION

- It is determined that preserving customer happiness and market leadership is greatly influenced by the company's effective claim handling, aggressive pricing tactics, and sound financial standing.
- Enhancing policyholder trust requires effective claims processing, open settlement processes, and prompt communication.

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1.Jamil Jamil, Anwar Al Al-Gasaymeh, Maha Shehadeh, Asma S. Alzwi (2024), " Enhancing Predictive Accuracy of Insurance Stock Market in Jordan using Hyprid GFS.Thrift Model: A Genetic Fuzzy System-based Fintech Approach" ,International Journal of Neutrosophic Science, 10.54216/ijns.240412.

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