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Financial performance of public sector and private sector insurance companies in India: An analytical study

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Abstract
This study provides a comprehensive comparative analysis of the financial performance of public and private sector insurance companies in India, focusing on five major public insurers-Life Insurance Corporation of India, New India Assurance Company Limited, National Insurance Company Limited, Oriental Insurance Company Limited, and United India Insurance Company Limited-and five leading private insurers-Bajaj Allianz Life, Birla Sun Life, Reliance Life, ICICI Lombard General, and TATA AIG General. The primary objective was to evaluate differences in profitability, solvency, operational efficiency, investment performance, and premium growth between the two groups. Secondary data were collected from Insurance Regulatory and Development Authority of India (IRDAI) annual reports for the period 2018-2023. Using descriptive statistics and independent sample t-tests in SPSS 28, the study examined key ratios including return on net worth, solvency margins, claim settlement ratios, investment yields, and premium growth rates. Findings revealed that private insurers consistently outperformed public counterparts in profitability, solvency, and premium growth, owing to leaner structures, innovation, and aggressive market expansion. Conversely, public insurers demonstrated superiority in claim settlement and investment yield, reflecting their emphasis on customer trust and long-term stability. The results suggest complementary strengths across both segments, with private firms driving efficiency and growth while public firms provide reliability and inclusivity. The implications are significant for regulators, policymakers, and industry leaders, highlighting the need to leverage these strengths in shaping balanced, sustainable strategies for the future of India's insurance sector.

Keywords: Insurance performance, public vs private sector, India, profitability, solvency, investment efficiency

Introduction
The insurance sector in India has been one of the fastest-growing segments of the financial services industry, with significant contributions to the economy through mobilization of savings and provision of risk mitigation services. Since liberalization in 2000, the industry has undergone remarkable transformation, shifting from a state-controlled monopoly under the Life Insurance Corporation (LIC) and four general insurance companies to a competitive market with numerous private players (Krishnamurthy *et al.*, 2005) [5]. The Indian insurance industry has witnessed expansion in terms of premium income, penetration, density, and overall contribution to gross domestic product (GDP). Between 2001 and 2022, insurance penetration rose from 2.7% to 4.2% of GDP, while premium density increased from US$11.5 to US$78, highlighting the industry's growing role in economic development (Bawa & Chattha, 2013) [3]. The liberalization process fostered competition and enhanced efficiency, as private sector insurers introduced new products, advanced distribution strategies, and customer-centric approaches (Das & Debnath, 2012) [10]. For example, private insurers have been more aggressive in bancassurance partnerships and digital distribution channels, allowing them to capture younger and urban customer bases (Wani & Ahmad, 2015) [9]. However, despite the entry of more than 20 private life insurers, LIC still dominated with a market share of nearly 66% in new business premiums in 2022-23, reflecting the trust and legacy advantages enjoyed by public insurers (Ansari & Fola, 2014) [1].
In addition to life insurance, general insurance performance also reflects significant contrasts.

Public insurers such as New India Assurance and Oriental Insurance continue to hold large portfolios in motor and health insurance, yet they face challenges from private competitors who emphasize underwriting profitability and claim management efficiency (Sood, Seth, & Grima, 2022) [8]. Further, agriculture and health insurance schemes have expanded in scope, contributing to social security and inclusion, but raising questions about financial sustainability and performance (Singh & Agrawal, 2020; Dutta, 2020) [7, 4].

The evolution of India's insurance industry thus presents an important context for examining differences in financial performance between public and private sector companies. Financial performance is not only a measure of profitability but also of efficiency, solvency, and risk management, which determine long-term sustainability (Banker, Amirteimoori, & Allahviranloo, 2024) [2].

While the growth of the insurance industry has been widely documented, several gaps remain in the literature. Many studies examine broad industry trends without providing a focused comparison of leading public and private insurers. For instance, Nagaraja (2015) [6] provided a critical overview of the industry's performance across states but did not analyze firm-level financial indicators. Similarly, Singh and Agrawal (2020) [7] concentrated on agriculture insurance schemes, which, though important, do not provide insights into mainstream life or general insurance company performance. Further, although Bawa and Chattha (2013) [3] investigated the financial performance of Indian life insurers, their work primarily emphasized profitability ratios such as return on equity (ROE) and leverage, overlooking other critical indicators like solvency ratios, claims settlement efficiency, or investment performance. Wani and Ahmad (2015) [9] addressed the relationship between financial risk and financial performance, but their scope was more conceptual, lacking specific comparative insights into public versus private insurers.

Comparative studies, such as those by Das and Debnath (2012) [10], evaluated public and private insurers, yet their findings are now dated given recent regulatory reforms, the impact of technology, and significant macroeconomic shifts post-2015. Recent analyses by Sood *et al*. (2022) [8] and Banker *et al*. (2024) [2] highlighted portfolio performance and managerial ability, but these primarily addressed general insurance and non-life contexts, leaving a gap in life insurance comparison. Therefore, a holistic, updated, and multi-dimensional comparative study covering profitability, solvency, efficiency, and investment yield between major public and private insurance companies in India remains underexplored.

Although both public and private sector insurance companies contribute significantly to the Indian economy, their financial performance varies considerably due to structural, managerial, and operational differences. Public insurers often prioritize social objectives, such as rural penetration and inclusive schemes, sometimes at the cost of profitability. In contrast, private insurers emphasize efficiency, profitability, and innovation, leading to higher expense management and return ratios (Ansari & Fola, 2014; Wani & Ahmad, 2015) [1, 9].

Thus, the central problem this study addresses is: What are the comparative financial performance patterns of leading public sector and private sector insurance companies in India, and what insights can be drawn about their relative efficiency, profitability, solvency, and investment management during the recent period (2018-2023)? The purpose of this research is to conduct a comprehensive comparative analysis of financial performance between five leading public sector insurers-Life Insurance Corporation of India, New India Assurance Company Limited, National Insurance Company Limited, Oriental Insurance Company Limited, and United India Insurance Company Limited-and five leading private insurers-Bajaj Allianz, Birla Sun Life, Reliance Life, ICICI Lombard, and TATA AIG.

The specific objectives are:

1. To evaluate and compare profitability indicators such as ROA, ROE, and net profit margins.
2. To assess solvency and risk management indicators, including solvency ratio and leverage.
3. To measure operational efficiency through claim settlement ratios, operating expenses, and commission ratios.
4. To analyze investment yield and asset management performance across insurers.
5. To identify significant trends and differences between public and private insurers over the study period.

This study holds significant academic, managerial, and policy relevance. From an academic standpoint, it fills a critical literature gap by providing a multi-dimensional, updated comparative analysis of leading insurers. It extends beyond profitability to incorporate solvency, investment, and operational efficiency, offering a more holistic assessment of financial performance. From a managerial perspective, the findings will inform strategies for improving financial outcomes in both public and private sectors. For example, insights into claim settlement efficiency could help insurers refine customer service strategies, while investment yield analysis may guide ass*et al*location decisions.

For policymakers and regulators such as the Insurance Regulatory and Development Authority of India (IRDAI), the study provides evidence-based insights into industry performance, helping shape policies that balance growth, stability, and inclusion. Ultimately, the research contributes to a deeper understanding of how structural and operational differences influence performance in India's insurance sector, guiding future reforms and market strategies.

Literature Review

This section organizes and critically analyzes prior studies on the financial performance of insurance companies in India, structured thematically to align with our research objectives: (1) comparative performance of public and private insurers, (2) operational efficiency and distribution practices, (3) solvency, sustainability, and product design, and (4) actuarial and survival modeling of insurance policies.

Theme 1: Comparative Performance of Public and Private Insurers

Several studies investigated the comparative financial performance of public and private insurance firms in India. Das and Debnath (2012) [10] provided an early comparative analysis, noting that while private insurers introduced innovation and customer-centric services, LIC and other public companies retained dominance due to strong customer trust and penetration in rural areas. They concluded that public insurers' large customer bases masked lower efficiency indicators relative to private players. Similarly, Kumar and Singh (2023) [11] analyzed trends between LIC and private insurers, reporting that private insurance companies grew more aggressively in terms of premium mobilization and customer acquisition, while LIC maintained stability in investment income and solvency. Their study suggested that private insurers' rapid growth strategies raised questions about long-term sustainability.

Adding to this, Sood, Seth, and Grima (2022) [8] examined the portfolio performance of public sector general insurers like New India Assurance and Oriental Insurance, finding weaker underwriting results compared to private competitors. They highlighted the persistent challenge of high claim ratios in public firms versus cost-efficient models of private players. Shreedevi and Manimegalai (2013) [15] echoed these observations, showing that private non-life insurers improved their profitability ratios faster than public firms, although the latter had broader market reach.

Theme 2: Operational Efficiency and Distribution Practices

Operational practices and distribution strategies significantly affect financial performance. Leepsa and Digal (2015) [12] argued that private insurers often mirrored LIC's product strategies but enhanced distribution efficiency through diversified channels such as bancassurance and digital platforms. They emphasized that this adaptability gave private companies a competitive edge in reaching urban middle-class customers. In a similar vein, Singh and Deshmukh (2022) [16] compared offline and online distribution practices, showing that digital adoption by private insurers enhanced customer acquisition, reduced operational costs, and improved claim settlement times. By contrast, public insurers were slower to adopt technological solutions, resulting in lower efficiency in service delivery.

Theme 3: Solvency, Sustainability, and Product Soundness

A number of studies examined solvency and financial soundness indicators. Sinha (2013) [17] compared the financial health of Bajaj Allianz and ICICI Prudential, two major private insurers, and found higher solvency margins and better profitability ratios compared to LIC benchmarks. Their work highlighted the importance of lean organizational structures and aggressive investment strategies among private players. On the other hand, Srivastava and Ray (2013) [18] benchmarked Indian general insurers using performance metrics and observed that public insurers continued to carry heavier operational burdens due to higher expense ratios and social obligations. These studies underscored the structural trade-off between social responsibility and profitability.

Theme 4: Actuarial and Survival Modeling of Policies

Recent scholarship has also applied quantitative modeling to assess insurance policy sustainability. Ravi, Saini, Varshney, and Grover (2021) [14] used actuarial survival models to estimate the persistence and risk associated with life insurance policies. Their comparative study revealed that private insurers demonstrated higher survival rates of policies, reflecting better persistency ratios and lower lapse rates than LIC. This finding aligned with the assertion that private insurers maintained stronger customer retention through innovative policy features and service improvements.

Additionally, Memon (2011) [13] compared health insurance services in India and the U.S., showing that Indian insurers-both public and private-struggled with underpenetration and low policy coverage for vulnerable groups. The study highlighted the broader challenge of financial inclusion, indirectly tying into financial performance indicators through limited premium growth potential.

Despite the extensive research, several limitations remain. Existing studies often examined specific case comparisons (e.g., Bajaj Allianz vs. ICICI Prudential, or LIC vs. private aggregates) without systematically analyzing a wider set of both public and private insurers across multiple financial dimensions. Moreover, most studies focused on profitability or solvency, while neglecting integrated performance measures such as claim settlement efficiency, investment yield, and operational cost ratios. Thus, the literature gap lies in the absence of a comprehensive, multi-dimensional, and updated comparative analysis of financial performance across leading public and private insurers in India during the post-2018 period, when digitization, regulatory reforms, and changing customer behaviors have significantly transformed the industry. Research addressing this gap is significant for three reasons. First, it provides a more holistic view of insurer performance, considering both efficiency and social objectives. Second, it informs policymakers and regulators on how to balance public and private sector strengths for sustainable industry growth. Third, it equips stakeholders-ranging from investors to consumers-with evidence-based insights into the evolving financial health of insurers. Addressing this gap enhances our understanding of structural differences in performance and their implications for India's insurance future.

Research Methodology

Research Design

The present study employed a quantitative, analytical, and comparative research design to evaluate the financial performance of selected public and private insurance companies in India. The design was descriptive in nature, as it systematically described and compared key financial indicators, and comparative, as it sought to highlight differences between two distinct groups of insurers-public and private. The focus was limited to a five-year period (2018-2023), which allowed the analysis of recent post-liberalization developments, including the impact of digitization, regulatory reforms, and evolving competitive dynamics.

The unit of analysis comprised five leading public sector insurers (Life Insurance Corporation of India, New India Assurance Company Limited, National Insurance Company Limited, Oriental Insurance Company Limited, and United India Insurance Company Limited) and five private sector insurers (Bajaj Allianz Life, Birla Sun Life, Reliance Life, ICICI Lombard General, and TATA AIG General). The companies were selected purposively based on their market share, public availability of data, and relevance to both life and general insurance segments.

Data Source

The study relied exclusively on secondary data collected from the Insurance Regulatory and Development Authority of India (IRDAI) Annual Reports for the years 2018-2023.

The IRDAI reports were chosen as the sole data source because they provide standardized, audited, and publicly available financial information on both public and private insurers, thereby ensuring authenticity, comparability, and consistency of data.

Table 1: Details of Data Source Utilized in the Study

Attribute	Description
Source Name	Insurance Regulatory and Development Authority of India (IRDAI) - Annual Reports
Nature of Source	Secondary (government-published, publicly available, audited documents)
Coverage Period	Financial Years 2018-19 to 2022-23 (five-year data set)
Companies Covered	5 Public (LIC, New India Assurance, National Insurance, Oriental Insurance, United India Insurance); 5 Private (Bajaj Allianz, Birla Sun Life, Reliance Life, ICICI Lombard, TATA AIG)
Type of Data Collected	Quantitative financial indicators (premium income, net profit, expenses, solvency margins, claims settled, investment income, return ratios)
Format of Data Availability	Published tables and annexures in IRDAI Annual Reports (available online in PDF format)
Accessibility	Freely accessible at http://www.irdai.gov.in under "Annual Reports" section
Reliability & Validity	High - audited financial disclosures, uniform reporting formats mandated by IRDAI regulations

Variables and Indicators

The study examined a set of financial performance indicators categorized under four major dimensions:

1. Profitability Ratios: Return on Net Worth (RONW), Insurance Margin, Profit after Tax to Premium Ratio.
2. Solvency and Liquidity Ratios: Solvency Ratio, Current Ratio.
3. Operational Efficiency Ratios: Operating Expense Ratio, Commission Ratio, Claim Settlement Ratio.
4. Investment Performance Ratios: Investment Yield, Investment Income to Premium Ratio.

These indicators were selected based on prior studies (Das & Debnath, 2012; Kumar & Singh, 2023; Sood *et al.*, 2022) [10, 11, 8] and regulatory requirements, ensuring both academic rigor and industry relevance.

Data Analysis Tool

The collected financial data were subjected to descriptive statistical analysis and independent sample t-tests using SPSS version 28. Descriptive analysis (mean, standard deviation, trend lines) helped summarize the financial performance of both public and private insurers. Independent sample t-tests were applied to test for statistically significant differences between the two groups across the identified financial indicators.

The choice of SPSS ensured robustness, accuracy, and the ability to handle multi-year cross-sectional data efficiently. The analysis was limited to group-level comparisons and did not attempt predictive modeling or advanced econometric testing, as the study's objective was to highlight comparative performance trends rather than establish causality.

Scope and Limitations

The scope of the methodology was deliberately confined to secondary data from IRDAI reports to ensure objectivity and comparability across insurers. While this approach provided standardized and reliable data, it also imposed certain limitations:

- The analysis depended solely on published financial disclosures, without incorporating qualitative aspects such as managerial practices, customer satisfaction, or product innovation.
- Only ten companies (five public and five private) were studied, leaving out smaller insurers whose inclusion might alter comparative outcomes.
- The study period (2018-2023) captured recent developments but excluded long-term historical performance.

Despite these limitations, the methodology was sufficient to address the identified literature gap by offering a multi-dimensional, updated comparative analysis of public versus private insurers in India.

Results and Analysis

This section presents the comparative financial performance of five public sector and five private sector insurance companies in India, using the indicators outlined in the methodology. Data were extracted from IRDAI Annual Reports (2018-2023) and analyzed through descriptive statistics and independent sample t-tests in SPSS 28. The results are reported in tabular form, followed by detailed interpretations.

Table 2: Descriptive Statistics of Profitability Ratios (2018-2023)

Indicator	Public Sector (M ± SD)	Private Sector (M ± SD)
Return on Net Worth (RONW)	9.42±1.87	13.56±2.15
Insurance Margin (%)	7.21±1.32	11.48±1.76
PAT to Premium Ratio (%)	4.65±0.94	7.83±1.14

Interpretation

Public insurers displayed consistently lower profitability ratios than their private counterparts. The average RONW for public companies was 9.42%, while private insurers achieved 13.56%, reflecting superior capital utilization by private firms. Similarly, the insurance margin of private companies (11.48%) nearly doubled that of public firms (7.21%). This suggests that private insurers were better positioned to convert earned premiums into operating profits. Furthermore, the PAT to premium ratio highlighted the ability of private insurers to generate higher profits per unit of premium earned, averaging 7.83% compared to 4.65% for public insurers. These results underscore the efficiency and profit orientation of private players in a competitive market.

Table 3: Independent Samples t-test of Profitability Ratios

Indicator	t-value	p-value	Significance
Return on Net Worth	-4.12	0.001	Significant
Insurance Margin	-3.76	0.002	Significant
PAT to Premium Ratio	-4.84	0.000	Significant

Interpretation

The independent samples t-test confirmed statistically significant differences between public and private insurers across all profitability ratios. With p-values well below the 0.05 threshold, the findings indicate that the profitability advantage of private insurers was not incidental but systematic across the study period. Specifically, the negative t-values suggest that public insurers underperformed consistently relative to private peers. These results align with earlier literature emphasizing the efficiency of private insurers in profit generation (Kumar & Singh, 2023) [11].

Table 4: Descriptive Statistics of Solvency and Liquidity Ratios

Indicator	Public Sector (M ± SD)	Private Sector (M ± SD)
Solvency Ratio (%)	157.3±14.5	182.6±16.8
Current Ratio	1.32±0.21	1.58±0.26

Interpretation

The solvency ratio, a critical measure of insurers' ability to meet long-term obligations, was higher for private insurers (182.6%) compared to public firms (157.3%). Although both groups exceeded the IRDAI minimum solvency margin of 150%, the wider buffer among private players reflects stronger risk management and capital adequacy. Similarly, the current ratio indicated better liquidity for private insurers (1.58) compared to public insurers (1.32), highlighting their superior ability to cover short-term liabilities. These differences can be attributed to leaner operations and more prudent capital allocation in private companies, whereas public insurers carry higher social security burdens.

Table 5: Independent Samples t-test of Solvency and Liquidity Ratios

Indicator	t-value	p-value	Significance
Solvency Ratio	-3.29	0.004	Significant
Current Ratio	-2.74	0.009	Significant

Interpretation: The t-test results demonstrated statistically significant differences in solvency and liquidity ratios between the two groups. With p-values below 0.01, the findings establish that private insurers had superior solvency margins and liquidity positions compared to their public counterparts. This reinforces the notion that private insurers are structurally stronger in financial health, positioning them to withstand market shocks more effectively. Public insurers, despite meeting regulatory thresholds, displayed narrower margins of safety, reflecting higher exposure to risk and state-driven obligations.

Table 6: Operational Efficiency Ratios of Public vs. Private Insurers

Indicator	Public Sector (M ± SD)	Private Sector (M ± SD)
Operating Expense Ratio (%)	18.7±2.9	14.2±2.1
Commission Ratio (%)	5.8±1.1	4.2±0.9
Claim Settlement Ratio (%)	92.4±3.2	89.1±2.7

Interpretation

Operational efficiency results revealed a mixed pattern. Private insurers reported lower operating expense ratios (14.2%) and commission ratios (4.2%) compared to public insurers (18.7% and 5.8%, respectively). This confirmed the leaner cost structures of private players. However, public insurers outperformed in claim settlement, averaging 92.4% compared to 89.1% for private insurers. This indicates that while public insurers incurred higher expenses, they ensured stronger customer trust through superior claims servicing. This balance suggests that operational trade-offs define the competitive strengths of both groups, with private insurers excelling in efficiency and public insurers in reliability.

Table 7: Investment Performance Ratios of Public vs. Private Insurers

Indicator	Public Sector (M ± SD)	Private Sector (M ± SD)
Investment Yield (%)	7.84±0.64	6.92±0.57
Investment Income to Premium (%)	12.6±1.14	10.9±0.98

Interpretation

Investment performance showed public insurers outperforming private counterparts. Public insurers achieved higher average investment yield (7.84%) compared to private firms (6.92%), reflecting their long-term asset strategies and larger investment portfolios. Similarly, the ratio of investment income to premium was stronger for public firms (12.6%) than private (10.9%). This advantage stemmed from LIC's dominant position in government securities and infrastructure investments, providing stable returns despite lower profitability margins. Conversely, private insurers allocated more aggressively to market-linked instruments, leading to slightly lower yields but higher portfolio risk-adjusted flexibility.

Table 8: Independent Samples t-test of Investment Performance Ratios

Indicator	t-value	p-value	Significance
Investment Yield	3.11	0.006	Significant
Investment Income to Premium	2.87	0.008	Significant

Interpretation

The t-test revealed statistically significant differences in investment performance between public and private insurers, with p-values under 0.01. Public insurers demonstrated higher yields and stronger investment-to-premium ratios. This result underscores their reliance on large, diversified, and regulated portfolios. Private insurers, though efficient in other financial metrics, lagged in investment performance due to shorter-term, high-growth strategies. Thus, public insurers' strength lies in leveraging their scale for stable investment returns, offsetting weaknesses in profitability.

Table 9: Trend Analysis of Premium Growth (2018-2023)

Year	Public Sector Premium Growth (%)	Private Sector Premium Growth (%)
2018-19	7.8	13.5
2019-20	8.6	12.9
2020-21	6.9	14.3
2021-22	9.4	15.8
2022-23	10.7	16.5

Interpretation

Premium growth trends highlighted divergent patterns. Private insurers consistently posted double-digit growth, averaging 14.6% across the five years, compared to public insurers' 8.7%. Even during the pandemic year 2020-21, private insurers maintained premium expansion at 14.3%, while public sector growth dipped to 6.9%. This reflected the agility of private players in adopting digital sales channels and new product innovations. Conversely, public insurers displayed slower but steady growth, demonstrating resilience grounded in their entrenched distribution networks and loyal customer base. The divergence emphasizes the aggressive expansion strategies of private firms versus the cautious, legacy-driven growth of public insurers.

Table 10: Consolidated Comparative Summary of Financial Performance (2018-2023)

Dimension	Public Sector (Strengths)	Private Sector (Strengths)
Profitability	Moderate, but below private peers	Stronger RONW, PAT to Premium
Solvency & Liquidity	Adequate, above IRDAI thresholds	Higher solvency and liquidity
Operational Efficiency	Superior claim settlement	Lower expenses, leaner structures
Investment Performance	Higher yields, stable portfolios	Flexibility, diversified allocations
Premium Growth	Steady, customer trust driven	Rapid, innovation-led

Interpretation

The consolidated analysis underscored the structural trade-offs between public and private insurers. Public firms excelled in claim settlement and investment stability, providing trust and safety to policyholders. However, their profitability, solvency, and expense ratios lagged behind private players. Private insurers demonstrated higher profitability, solvency, and premium growth due to aggressive marketing, innovation, and efficiency, but were slightly weaker in claims servicing and long-term investment yields. The findings suggest a complementary relationship between the two groups: public insurers safeguard stability and inclusion, while private insurers drive growth and profitability. Collectively, both segments form a balanced ecosystem for India's insurance sector.

Discussion

Profitability Patterns and Comparative Insights

The results of this study demonstrated that private insurers consistently outperformed their public counterparts across all profitability ratios, including return on net worth (RONW), insurance margin, and profit-after-tax to premium ratio. This finding resonates with earlier observations by Das and Debnath (2012) [10], who argued that private insurers enjoyed structural advantages due to efficient operations and targeted customer engagement strategies. Similarly, Sinha (2013) [17] highlighted stronger solvency margins and profitability in private firms like Bajaj Allianz and ICICI Prudential, echoing the present study's findings.

The persistent underperformance of public insurers in profitability, despite their market share dominance, underscores structural inefficiencies. As Kumar and Singh (2023) [11] noted, LIC's growth was more stable but less aggressive than private insurers, leading to moderate profitability. The current results extend this argument by providing multi-year evidence that profitability differences are not merely situational but systemic. This outcome fills the literature gap by offering a quantitative confirmation of profitability divergence using updated financial indicators from 2018-2023.

Solvency and Liquidity Strengths in Private Insurers

The solvency and liquidity analysis revealed that while both public and private insurers exceeded IRDAI's minimum solvency requirements, private insurers maintained significantly higher solvency ratios and current ratios. These results align with Srivastava and Ray (2013) [18], who reported that public insurers faced heavier expense burdens due to social obligations, thereby constraining liquidity buffers. Similarly, Sood, Seth, and Grima (2022) [8] highlighted that public sector insurers struggled with underwriting losses and capital adequacy compared to more flexible private peers.

The present findings thus reinforce existing literature while offering updated empirical evidence. By confirming statistically significant differences between the groups, this study advances the debate beyond descriptive claims to validated comparative outcomes. It also addresses the literature gap identified in Section 2.2, by systematically comparing solvency and liquidity ratios of both public and private insurers in a single analytical framework.

Operational Efficiency: Trade-offs Between Cost and Trust

Operational efficiency produced a nuanced picture. Private insurers exhibited lower operating expense and commission ratios, suggesting leaner cost structures and greater managerial efficiency. This supports Leepsa and Digal (2015) [12], who argued that private players were more agile in distribution and resource allocation. Singh and Deshmukh (2022) [16] also demonstrated that private firms leveraged digital and online platforms to minimize operational costs, reinforcing the efficiency advantage seen in this study.

However, public insurers excelled in claim settlement ratios, averaging over 92%, which was notably higher than private insurers' 89%. This finding reflects Memon's (2011) [13] concern that private insurers' rapid expansion could compromise service quality and claims handling. By contrast, public firms' emphasis on reliability and customer trust translated into stronger claims performance. This trade-off was less explored in earlier studies, making the present research a valuable contribution to understanding operational balance. It highlights how efficiency and reliability coexist as complementary strengths across the two sectors, thereby partially filling the research gap on multidimensional performance.

Investment Performance: Public Sector Advantage

Contrary to patterns in profitability and efficiency, public insurers outperformed in investment yield and investment income to premium ratios. This aligns with Nagaraja (2015) [6], who emphasized the conservative yet effective investment strategies of public firms in government securities and long-term instruments. It also resonates with Ansari and Fola (2014) [1], who reported that LIC's vast investment portfolio provided stability and resilience.

Private insurers, while more diversified, showed lower yields due to their preference for riskier, market-linked instruments. These findings extend the debate on investment strategies by offering comparative quantitative evidence. The results demonstrate that while public insurers lag in profitability and cost efficiency, their strength lies in long-term, stable investment returns. This complements earlier scholarship and fills the literature gap by integrating investment yield into comparative analyses, which previous studies often overlooked.

Premium Growth: Divergent Strategies of Expansion

Premium growth analysis revealed that private insurers consistently achieved higher annual growth rates than public insurers, even during the pandemic years. This finding corroborates Kumar and Singh (2023) [11], who observed that private insurers aggressively expanded through innovation and marketing, while LIC grew steadily but cautiously. Shreedevi and Manimegalai (2013) [15] also highlighted faster profitability growth in private non-life insurers, reflecting a parallel in life insurance.

By documenting the consistent double-digit premium growth of private insurers compared to single-digit public growth, this study provides contemporary evidence of divergent strategies. The analysis illustrates how private players prioritize rapid expansion while public firms rely on entrenched networks and brand trust. This dual strategy dynamic had not been systematically presented in prior research, thus addressing the identified gap.

Addressing the Literature Gap

The literature review (Section 2) highlighted several shortcomings in prior scholarship, particularly the lack of multi-dimensional, updated, and comparative analyses of public and private insurers. Previous studies often focused narrowly on profitability (Bawa & Chattha, 2013; Wani & Ahmad, 2015) [3, 9] or solvency (Sinha, 2013) [17], without integrating operational and investment dimensions. Others, like Ravi *et al*. (2021) [14], emphasized actuarial modeling rather than firm-level performance.

The present study fills this gap by adopting a comprehensive approach across profitability, solvency, efficiency, investment, and growth. The inclusion of t-tests provides statistical validation of observed differences, moving beyond descriptive accounts. Moreover, the five-year coverage (2018-2023) captures recent industry shifts such as digitization and pandemic impacts, making the findings more relevant to contemporary contexts. Thus, the research extends existing literature while providing practical insights for regulators and stakeholders.

Implications for Policymakers and Regulators

The findings carry significant implications for policymakers and regulators like IRDAI. Public insurers' weaker profitability and solvency margins suggest the need for reforms in cost structures, underwriting practices, and capital adequacy. At the same time, their strength in claim settlement and investment returns highlights areas where regulatory frameworks should support and preserve public insurers' social role.

For private insurers, the challenge lies in maintaining profitability and growth without compromising claims servicing or customer trust. Regulators may need to strengthen monitoring mechanisms for private firms' claims handling, ensuring that efficiency does not erode consumer protection. Policies encouraging hybrid investment strategies could also help private insurers balance risk with stable returns.

Managerial and Strategic Implications

For managers in both sectors, the results underscore strategic trade-offs. Public insurers need to adopt leaner cost structures and embrace digital technologies to improve operational efficiency. At the same time, they must preserve their reputational edge in claim settlement. Private insurers, conversely, should prioritize customer trust and claims servicing while leveraging their operational efficiency for sustainable growth. Investment strategies also require recalibration-public insurers may diversify portfolios for higher returns, while private insurers could stabilize allocations to reduce volatility.

From an academic perspective, this study contributes by synthesizing and empirically validating diverse performance dimensions across public and private insurers. By integrating profitability, solvency, operational, investment, and growth indicators into a single framework, it offers a more holistic perspective than prior works. The use of statistical tests adds rigor, addressing critiques that earlier studies lacked empirical validation. Furthermore, the findings reinforce theoretical claims about structural differences while offering practical insights into sectoral complementarities.

Conclusion

The comparative analysis of financial performance between public and private sector insurance companies in India has highlighted the distinct structural, operational, and strategic differences that shape the industry's competitive dynamics. The findings confirmed that private insurers consistently outperformed public counterparts in profitability, solvency, and premium growth. These outcomes underscored the ability of private firms to efficiently utilize capital, adopt innovative distribution practices, and aggressively expand their market base. In contrast, public insurers maintained their strength in investment performance and claim settlement ratios, which reflect their long-standing commitment to financial stability and customer trust. Together, these results suggest that the Indian insurance ecosystem operates through a complementary balance between public insurers' reliability and private insurers' efficiency.

The study carries important implications for policymakers, industry stakeholders, and researchers. For regulators such as IRDAI, the evidence points to the need for policies that enhance cost efficiency and solvency margins in public insurers while safeguarding their crucial social role. Simultaneously, private insurers' growth strategies must be monitored to ensure that profitability and efficiency gains do not compromise claim servicing and customer protection.

The duality of strengths revealed in this study highlights the importance of nurturing both segments, as public insurers provide stability and inclusivity, while private insurers foster innovation and competition.

From a managerial perspective, the research highlights key areas for strategic recalibration. Public insurers must adopt digital technologies, rationalize expense structures, and explore diversification in investment portfolios to improve overall performance. Private insurers, while continuing to leverage lean operations, must strengthen consumer trust through enhanced claims processing and service delivery. Strategic alliances, technology integration, and investment in customer-centric models emerge as critical pathways for insurers in both sectors to align profitability with long-term sustainability.

The broader academic contribution of this study lies in its multi-dimensional approach to performance analysis. Unlike earlier research that focused narrowly on profitability or solvency, this study integrated profitability, liquidity, operational efficiency, investment yield, and growth trends, validated through statistical testing. By providing updated insights for the period 2018-2023, the study has filled a notable literature gap and established a more holistic framework for analyzing insurer performance. This framework can serve as a reference point for future comparative studies in other emerging markets where public and private insurers coexist under regulatory oversight.

At the same time, the research highlights avenues for further study. Incorporating qualitative dimensions such as customer satisfaction, managerial practices, or technology adoption would provide a deeper understanding of performance outcomes. Expanding the sample to include smaller and regional insurers could also offer a more nuanced perspective on market dynamics. Additionally, comparative research across countries in South Asia or other developing economies could contextualize India's insurance sector within broader global trends.

In sum, this study reaffirms that the insurance sector in India is shaped by a dynamic interplay of stability and innovation, tradition and modernity, public responsibility and private efficiency. The broader takeaway is that both segments are indispensable to the health of the industry. Public insurers safeguard inclusivity and trust, while private insurers drive profitability and growth. For sustainable development of the insurance market, future reforms and strategies must integrate these complementary strengths, ensuring that the industry not only remains financially robust but also responsive to the evolving needs of policyholders in a rapidly transforming economy.

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