

A Study on Financial Performance Analysis At Bajaj Allianz General Insurance

Priyanka Alias Anusha.L¹, Ms. Keerthana.R²

¹Dept of Management Studies

²Assist.Professor, Dept of Management Studies

^{1,2} Sri Manakula Vinayagar Engineering College (Autonomous), Puducherry

Abstract- This study examines the financial performance of Bajaj Allianz General Insurance Company over a five-year period (2020–2025). Using key financial ratios and comparative statements, the analysis evaluates profitability, solvency, liquidity, operational efficiency, and risk exposure. Results show fluctuating underwriting performance, rising claim costs, declining risk retention, and moderate but stable profitability. Improvements in expense efficiency and consistent growth in reserves and investments strengthen the company's financial base. The findings provide insight into long-term sustainability and operational resilience in the Indian general insurance sector.

Keywords- Financial Performance, Ratio Analysis, General Insurance, Profitability.

I. INTRODUCTION

Financial performance analysis is a critical tool for evaluating the financial stability and operational strength of an organization. In the insurance sector, such analysis becomes especially vital due to the long-term nature of liabilities, regulatory oversight, and risk-bearing responsibilities.

Bajaj Allianz General Insurance, a leading private non-life insurer in India, operates in a competitive and evolving environment. This study aims to assess its financial performance over five years using quantitative indicators that enable stakeholders to understand profitability, solvency, liquidity, risk exposure, and operational efficiency.

II. OBJECTIVES OF THE STUDY

- To analyze the financial performance of Bajaj Allianz using key financial ratios.
- To examine the operating efficiency and risk position of the company.
- To assess year-to-year changes in reserves, investments, and policyholder funds.
- To measure profitability through ROA, ROE, combined ratio, and earnings indicators.

- To provide suggestions for improving financial performance.

III. METHODOLOGY

The study is based entirely on secondary data gathered from annual reports, IRDAI publications, journals, and websites.

Tools Used:

- Ratio Analysis: Claims Ratio, Combined Ratio, ROA, ROE, Operating Ratio, Retention Ratio, Expense Ratio, EOM Ratio.
- Comparative Financial Statements: Five consecutive financial years (2020–2025).

Period of Study:

Five financial years: 2020–2021 to 2024–2025

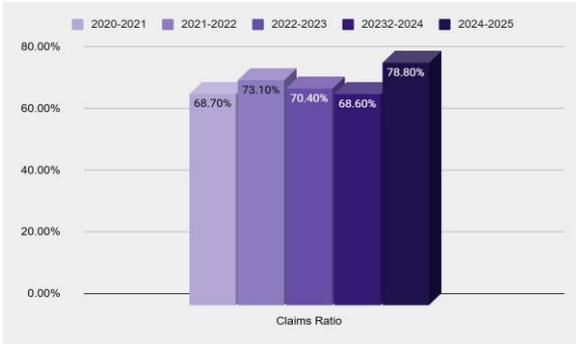
IV. DATA ANALYSIS AND INTERPRETATION

4.1 KEY FINANCIAL RATIO TABLES

TABLE 1: CLAIMS RATIO (2020–2025)

FINANCIAL YEAR	CLAIMS RATIO (%)
2020–21	68.7
2021–22	73.1
2022–23	70.4
2023–24	68.6
2024–25	78.8

CHART 1: CLAIMS RATIO (2020–2025)



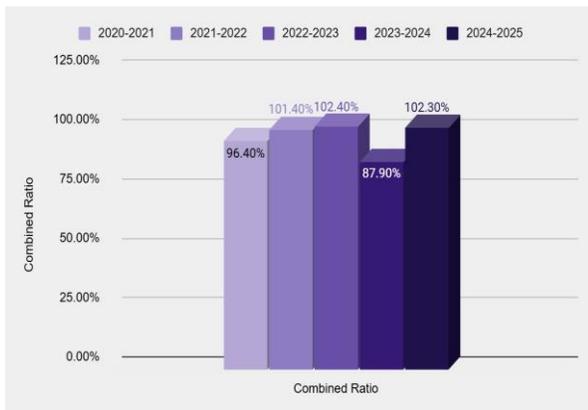
INTERPRETATION

The claims ratio stayed mostly within the ideal range but rose sharply to 78.80% in the final year, indicating increased claim costs.

TABLE 2: COMBINED RATIO (2020–2025)

FINANCIAL YEAR	COMBINED RATIO (%)
2020–21	96.4
2021–22	101.4
2022–23	102.4
2023–24	87.9
2024–25	102.3

CHART 2: COMBINED RATIO (2020–2025)



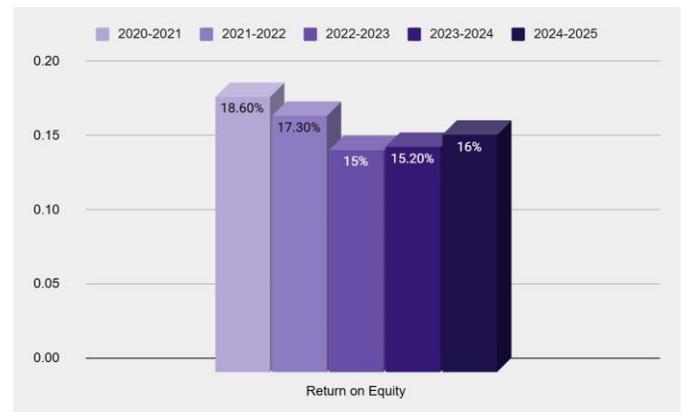
INTERPRETATION

The combined ratio showed inconsistent performance, with profitable years offset by periods of underwriting losses.

TABLE 3: RETURN ON EQUITY (ROE) (2020–2025)

FINANCIAL YEAR	ROE (%)
2020–21	18.6
2021–22	17.3
2022–23	15.0
2023–24	15.2
2024–25	16.0

CHART 3: RETURN ON EQUITY (ROE) (2020–2025)



INTERPRETATION

The company’s ROE remained strong overall, with slight fluctuations but clear signs of improvement in recent years.

V. FINDINGS

- Claims ratio fluctuated but showed a sharp rise in 2024–25, indicating increased claims burden.
- Net retention ratio declined consistently, reflecting higher reinsurance dependence.
- Combined ratio exceeded 100% in 3 years, indicating underwriting losses.
- ROA remained moderate (4.6–5.1%) with slight decline.

- ROE declined from 18.6% to 16%, reflecting lower returns to shareholders.
- Liquidity showed mixed trends, with some years showing pressure due to rising liabilities.
- Reserves and investments grew steadily, strengthening long-term stability.
- Expense ratio improved significantly after 2022–23, showcasing stronger cost management.

VII. SUGGESTIONS

- Strengthen underwriting practices to reduce combined ratio above 100%.
- Improve claims management to control rising claim costs.
- Rebalance reinsurance strategy to increase risk retention where feasible.
- Enhance investment diversification for higher and more stable returns.
- Improve liquidity planning to reduce dependence on long-term funds.

VIII. CONCLUSION

The financial analysis of Bajaj Allianz General Insurance demonstrates overall stability with consistent growth in reserves and investments, improved expense management, and stable profitability indicators. However, rising claims, declining retention, and underwriting losses in certain years indicate areas requiring strategic improvement. The company remains financially strong but must reinforce its underwriting and risk-management frameworks to ensure sustained long-term performance in the competitive insurance sector.