

FINANCIAL PERFORMANCE OF EVEREST INSURANCE
COMPANY LIMITED IN THE FRAMEWORK OF IRDA

By:

Malati Kumari Paudel
Prithivi Narayan Campus

T.U. Registration Number: 5-1-48-102-96

A Thesis Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University

In partial fulfilment of the requirements of the degree for
Master of Business Studies (M.B.S.)

Pokhara
December, 2008

TABLE OF CONTENTS

	Page
Acknowledgements	
Chapter I: INTRODUCTION	1-7
Background of the Study	1
Focus of the Study	5
Statement of the Problem	5
Objectives of the Study	6
Significance of the Study	6
Delimitation of the Study	6
Organization of the Study	7
Chapter II: REVIEW OF LITERATURE	8-47
Conceptual Review	8
Research Review	36
Research Gap	47
Chapter III: RESEARCH METHODOLOGY	48-54
Research Design	48
Nature and Source of Data	48
Data Collection Procedure	49
Data Processing	49
Data Analysis Tools	49
Limitation of the Methodology	54
Chapter IV: PRESENTATION AND ANALYSIS OF DATA	55-71
Data Presentation and Analysis	55
Major Findings	71
Chapter V: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	74-78
Summary	74
Conclusions	76
Recommendations	78
BIBLIOGRAPHY	
APPENDICES	

LIST OF TABLES

Table	Page
4.1 Shareholder's Fund Growth Ratio	56
4.2 Gross Premium to Shareholder's Fund Ratio	57
4.3 Gross Premium Growth Ratio	58
4.4 Net Retention Ratio	59
4.5 Expenses of Management to Gross Premium Ratio	60
4.6 Net Commission Ratio	61
4.7 Combined Ratio	63
4.8 Technical Reserve to Net Premium Ratio	64
4.9 Underwriting Balance Ratio	65
4.10 Operating Profit Ratio	67
4.11 Net Earning Ratio	68
4.12 Reinsurance Ratio	69
4.13 Return on Net Worth	70

LIST OF FIGURES

Figure	Page
4.1 Shareholder's Fund Growth Ratio	56
4.2 Gross Premium to Shareholder's Fund Ratio	57
4.3 Net Retention Ratio	60
4.4 Expenses of Management to Gross Premium Ratio	61
4.5 Net Commission Ratio	62
4.6 Combined Ratio	63
4.7 Technical Reserve to Net Premium Ratio	65
4.8 Underwriting Balance Ratio	66
4.9 Operating Profit Ratio	67
4.10 Net Earning Ratio	68
4.11 Reinsurance Ratio	69
4.12 Return on Net Worth	70

ABBREVIATIONS

B.S.	:	Bikram Sambat
CR	:	Combined Ratio
EIC	:	Everest Insurance Company
EMGPR	:	Expenses of Management to Gross Premium Ratio
GIC	:	General Insurance Company
GPGR	:	Gross Premium Growth Ratio
GPSF	:	Gross Premium to Shareholder's Fund
GPSFR	:	Gross Premium to Shareholder's Fund Ratio
HGI	:	Himalayan General Insurance
IRDA	:	Insurance Regulatory and Development Authority
LIC	:	Life Insurance Company
Ltd.	:	Limited
Mgmt.	:	Management
NCR	:	Net Commission Ratio
NER	:	Net Earning Ratio
NLGI	:	National Life and General Insurance
NRR	:	Net Retention Ratio
OPR	:	Operating Profit Ratio
RONW	:	Return on Net Worth
RR	:	Reinsurance Ratio
T.U.	:	Tribhuvan University
TRNPR	:	Technical Reserve to Net Premium Ratio
UBR	:	Underwriting Balance Ratio