FIRM-SPECIFIC FACTORS AND ITS IMPACT ON STOCK PRICE IN NON-LIFE INSURANCE COMPANIES OF NEPAL

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfilment of the requirements for the Master's Degree

by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "Firm-specific factors and its impact on stock price in non-life insurance companies of Nepal." The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Manjita Shrestha

July, 2024

REPORT OF RESEARCH COMMITTEE

Ms. Manjita Shrestha has defended research proposal entitled **"Firm-Specific Factors and Its Impact on Stock Price in Non-Life Insurance Companies of Nepal"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Laxman Raj Kandel and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled **"Firm-Specific Factors and Its Impact on Stock Price in Non-Life Insurance Companies of Nepal"** presented by Manjita Shrestha a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ACKNOWLEDGEMENTS

This study entitled “Firm-specific factors and its impact on stock price in non-life insurance companies of Nepal” has been conducted for the partial requirements for the degree of Masters of Business Studies under the Faculty of Management, Tribhuwan University. This dissertation would not have been possible without the support and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of the study.

I express my sincere gratitude to all the authors and learned personalities, whose writings have been cited in this study. I extend my deep sense of indebtedness to my respected supervisor Mr. Laxman Raj Kandel for his precious guidelines, inspiration and suggestion thoroughly during the period of this research. Without his valuable insight, I would not think of accomplishment of this thesis paper.

I express my gratitude to all other respected teachers, staffs, and research department that directly and indirectly supported as well as inspired me to complete this thesis.

I convey special acknowledgement to my respected parents and other family members for their love and encouragement throughout my study period and immeasurable support and inspirations. I also would like to express thanks to all my friends, relatives, and those individuals and institutional personalities who are directly and indirectly involve in conducting this research for their help, suggestions, and motivation to accomplish the research in time.

Manjita Shrestha

July, 2024

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ABBREVIATIONS

ASE	:	Amman Stock Exchange
B/M ratio	:	Book to Market Ratio
BVPS	:	Book Value Per Share
CAPM	:	Capital Asset Pricing Model
CSE	:	Colombo Stock Exchange
DC	:	Dividend Cover
DDM	:	Dividend Discount Model
DE	:	Debt to Equity
DPR	:	Dividend Payout Ratio
DPS	:	Dividend Per Share
DY	:	Dividend Yield
EMH	:	Efficient Market Hypothesis
EPS	:	Earnings Per Share
ER	:	Exchange Rate
GA	:	Growth of Assets
GDP	:	Gross Domestic Product
INF	:	Inflation
IR	:	Inflation Rate
IPO	:	Initial Public Offering
LEV	:	Leverage
MC	:	Market Capitalization
MPS	:	Market Price Per Share
MS	:	Money Supply

NEPSE	:	Nepal Stock Exchange
NICL	:	Nepal Insurance Company Limited
NIL	:	Neco Insurance Limited
NLGI	:	NLG Insurance Company Limited
NPV	:	Net Present Value
NSE	:	Nigerian Stock Exchange
NWPS	:	Net Worth Per Share
P/E	:	Price Earnings Ratio
PG	:	Premiun Growth
PRIN	:	Prabhu Insurance Limited
ROA	:	Return On Assets
ROE	:	Return On Equity
SD	:	Standard Deviation
SICL	:	Shikhar Insurance Company Limited
SPV	:	Stock Price Volatility
SR	:	Stock Return

ABSTRACT

This study examines the impact of firm specific factors on stock price of Nepalese non-life insurance companies. Market price per share is taken as dependent variable whereas earnings per share, dividend per share, price earnings ratio and book value per share are taken as independent variables. The study is based on secondary data and has been collected from the annual reports available on the websites of sampled insurance companies and Nepal Insurance Authority. Five non-life insurance companies have been selected as a sample over the period from 2013/14 to 2022/23 having total 50 observations. The study employed descriptive and casual comparative research design where the hypothesis was tested using the correlation and regression coefficients based on the results of the Pearson correlation coefficient & multiple regression model.

The result shows that there is positive correlation of market price per share with earnings per share, dividend per share, price earnings ratio and book value per share. Similarly, under the regression model, the result shows that earnings per share, dividend per share and price earnings ratio affect the market price per share in a significant positive manner while book value per share affects in an insignificantly negative way.

Keywords: Market price per share, earnings per share, dividend per share, price earnings ratio and book value per share

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The financial market in Nepal has undergone significant transformations in recent decades, evolving from a rudimentary system to a more structured and diversified market. Within this landscape, the insurance sector has played a pivotal role in promoting economic growth and stability. In Nepal, the non-life insurance sector is crucial for managing risks associated with natural disasters, health, and property, among others. A well-developed insurance sector supports economic stability and growth by providing long-term funds for infrastructure development, strengthening the risk-taking ability of the country (Vadlamannati, 2008). The role of the insurance sector is indispensable, given its fundamental importance to people's lives and their associated aspects. The smooth operation of other sectors often depends on the insurance industry, which itself is continually exposed to various risks (Ramij and Das, 2022).

The stock market is a significant source of capital for a country's economy, enabling businesses, including non-life insurance companies, to raise funds from the public through initial public offerings (IPOs). They play a crucial role in the financial ecosystem by facilitating capital formation, enabling liquidity, and providing a platform for price discovery. In Nepal, the stock market has seen significant development, with increasing participation from both institutional and retail investors. The Nepal Stock Exchange (NEPSE) serves as the primary marketplace for the trading of stocks, including those of non-life insurance companies. The performance of these stocks is influenced by a myriad of factors, including macroeconomic indicators, industry trends, and firm-specific factors. Therefore, understanding the determinants of stock prices is crucial for investors and companies alike. Mian et al. (2010) emphasized that the stock market plays a critical role in resource allocation, serving as a source of funding for companies and influencing their valuation and borrowing capacity. By providing a platform for trading and investment, the stock market supports the economic activities of individuals, firms, and governments.

While macroeconomic and industry-specific factors have been extensively studied, the impact of firm-specific factors on stock prices remains a less explored area, especially in

the context of developing economies like Nepal. Firm-specific factors are the unique characteristics and resources intrinsic to a particular company, which distinguish it from its competitors and contribute to its market performance. These factors include internal metrics such as earnings per share (EPS), price-earnings ratio (P/E ratio), dividend per share (DPS), and book value per share (BVPS). These metrics are crucial indicators of a company's profitability, financial stability, and growth potential, and they play a significant role in shaping investors' perceptions and decisions (Yin and Yang, 2013). Thus, firm-specific factors provide insight into a company's operational efficiency, risk management practices, and overall stability, all of which are significant determinants of investor confidence and stock price valuation.

Earnings per share serve as an indicator of a company's profitability. EPS is generally considered to be the most significant variable in determining stock market prices. The price earnings ratio determines investor interest and potential company growth, impacting stock price. A higher P/E indicates high investor optimism for future company growth. Dividend per share indicates the company's financial stability. Only businesses with sound finances are able to pay dividends. Companies with increased dividends generally increase their stock price, while those with lower dividends experience a fall. However, some researchers argue that dividend payment information also influences stock price. Similarly, book value per share represents the minimum value of a company’s equity and measures the book value of a firm on a per-share basis. If book value is negative, where a company's liabilities exceed its assets, this is known as a balance sheet insolvency.

The non-life insurance sector in Nepal is characterized by its unique regulatory environment, competitive dynamics, and market structure. Over the years, the industry has witnessed substantial growth driven by increasing awareness of risk management, regulatory reforms, and economic development. The enactment of various insurance laws and the establishment of regulatory bodies have provided a framework for the orderly growth of the industry. However, the sector also faces challenges such as market saturation, regulatory compliance, and fluctuating demand. These dynamics create a complex environment where firm-specific factors play a crucial role in influencing stock prices.

Several empirical studies have demonstrated that firm-specific factors significantly impact the stock prices of financial institutions, including insurance companies. Almumani (2014)

found a positive correlation between independent variables such as DPS, EPS, size, P/E ratio, and BV, and the market price of shares. Menike and Prabath (2014) similarly concluded that stock prices are positively influenced by firm-specific factors like BVPS, EPS, and DPS. Arshad et al. (2015) identified a positive and significant relationship between EPS and share prices, although they noted that the earnings ratio had no link with share prices, while return on assets had a negative relationship. Aveh and Vitor (2017) found that EPS, BVPS, ROE, and market capitalization positively correlated with market share prices, whereas DS and DY exhibited a negative relationship. Tandon and Malhotra (2013) showed that P/E ratio, EPS, and BV had a significant positive relationship with stock prices, while dividends had an inverse relationship.

In the context of Nepal, Bhattarai (2018) investigated how Nepalese companies' share prices were affected by macroeconomic and firm-specific factors. The study came to the conclusion that the P/E ratio, company size, and EPS were the main factors influencing the companies' share prices. Maskey (2023) showed that among the independent variables, EPS, DPS, P/E ratio, age of the company have significant positive relationship with the market stock prices but dividend yield has significant negative relationship. Nepal (2018) revealed that market price of share is positively related with size, EPS, ROA, DPS, inflation and GDP but negatively related with interest. Goet and Kharel (2022) showed that earning per share has a significant positive association with dividend per share and price-earnings ratio but an insignificant positive association with MPS, EPS and NWPS of commercial banks. Sapkota (2016) showed that coefficients of EPS, DPS and P/E ratio are positive with excess return. Similarly, Pradhan, Shyam and Dahal (2016) showed that higher the earnings per share, price earnings ratio, book value per share, return on assets and size, higher would be the market price per share.

The variability in empirical evidence underscores the need for a detailed and updated analysis of the impact of firm-specific factors on stock prices, particularly within the Nepalese non-life insurance sector. Given the dynamic nature of financial markets, investors require current information to make informed decisions. This study aims to bridge this gap by examining how firm-specific factors such as Earnings Per Share (EPS), Dividend Per Share (DPS), Book Value Per Share (BVPS), and Price-to-Earnings (P/E) ratio influence the stock prices of Nepalese non-life insurance firms. By identifying the key determinants of stock price movements, this research will provide valuable insights for

investors and future researchers. Specifically, it will assist investors in making informed investment decisions, aid future researchers in understanding the relationships between the variables. Furthermore, understanding these relationships will contribute to the broader knowledge of stock market behavior in the context of Nepal's developing economy.

The findings of this study will have practical implications for various stakeholders. For investors, the study will highlight the critical firm-specific factors to consider when investing in non-life insurance companies. For policymakers, the insights will aid in developing frameworks that promote a stable and efficient insurance market. For the insurance companies, understanding the impact of these factors will help in improving corporate governance, financial management, and strategic planning. Furthermore, the study will provide valuable information to stock market analysts and financial advisors who monitor and evaluate the performance of non-life insurance stocks.

In conclusion, the study on the impact of firm-specific factors on the stock prices of non-life insurance companies in Nepal is timely and significant. It addresses a crucial aspect of financial market analysis, offering a comprehensive understanding of how selected internal company dynamics influence market performance in the insurance sector. The insights gained from this research will not only contribute to academic literature but also provide practical guidance to investors for taking rational which can contribute in proper functioning and stability of the financial market in Nepal.

1.1.1 Profile of the organization

Nepal's insurance industry has experienced significant growth since the establishment of the first insurance company, Rastriya Beema Sansthan, in 1967. The First Insurance Act was promulgated in 1968, and the Insurance Committee was formed to register insurers and regulate the insurance market. The Insurance Board (Beema Samiti) was established in 2026 BS, which later became the Nepal Insurance Authority. As of Shrawan end 2080, Nepal has 14 life insurance companies, 14 non-life insurance companies, 2 re-insurance and 4 microinsurance companies (Source: https://www.investopaper.com). The main goal of insurance companies is to provide financial protection and peace of mind to individuals and businesses. They operate in both life and non-life sectors, offering various types of coverage. Insurance companies assess risks, set premiums, and provide customized

coverage to meet policyholders' specific needs. They have a nationwide presence, with branches and offices in major cities and towns, making it convenient for people to access insurance services. The Insurance Board of Nepal regulates overall financial conditions in the industry. Insurance business in Nepal has grown by about 2.87 percent in last fiscal year 2079/80. According to Nepal Insurance Authority, companies have collected Rs 182.91 billion in premiums in the last fiscal year (Source: https://www.investopaper.com).

Thus, this study has been carried out to promote a particular viewpoint by analyzing the impact firm specific factors on the stock price of Nepalese insurance companies.

1.1.2 Brief introduction of sample insurance companies

In order to conduct the research work, five insurance companies have been selected as sample which are briefly described as below:

Neco Insurance Limited

Neco Insurance Ltd. is a limited liability company registered under the Companies Act, 2021 BS. It was established on 1st Poush, 2051 (16th December, 1994). It has been operating general insurance business in Nepal since 17th Jestha, 2053 (30th May, 1996) as per the license granted by Insurance Board of Nepal. The registered office of the company is at Gyaneshwor, Kathmandu and it is operating its business through various service outlets nationwide. Neco Insurance enjoys a reputation of expertise, stability and strength. Our competitive edge, extensive range of products, wide network, claim servicing capabilities and the ability to provide all possible general insurance solutions under one roof makes us the most preferred partner for our valued customers. Neco Insurance has been known in the market as being innovative and having a well-established relationship with the various reinsurance markets of the world. We are proud to be the local insurance partner of AIG (American International Group).

Shikhar Insurance Company Limited

Shikhar Insurance Company Ltd is the 15th Non-life Insurance Company in the industry then, which started operating on Mangsir 2, 2061. It was incorporated as a Public Limited Company on Jestha 25, 2061. With 113 branches present all over Nepal and 650+ employee strength, Shikhar Insurance stands tall with the highest market share of 13.16% as of fiscal

year 2022/23. Within a short period of its establishment, Shikhar Insurance is moving ahead as the leading general insurance company in Nepal. SICL is a company with a vision geared up to face every challenge that persists in the insurance industry. The challenges are developing policies as per the requirement of clients at an economical price, filling the void of the acute shortage of technical manpower in the insurance industry, introducing new products at par with international standards, and creating capacities within the markets so that the outflow of the precious convertible currency can be minimized, etc. SICL believes that the relationship between the insured and the insurer is of confidence and trust. Its goal is to set the standard for the insurance industry by providing quality service that meets customers' expectations.

NLG Insurance Company Limited

NLG Insurance Company Limited is a part of National Life and General Insurance (NLGI) incorporated in 1988 to conduct Life as well as General business, as composite insurance company. As per requirement of the Insurance Act of Nepal, General Insurance business of NLGI was separated and a new company by the name NLG Insurance Company Ltd. (NLG) was incorporated in 2005. 'NLG' has over 3 decades of experience in providing insurance services to its individual and corporate clients. Through our customer driven service packages, personalized service delivery and technology focused operation, our clients enjoy value that are unparalleled in the industry. While 'NLG' is widely acknowledged for its promptness in claims services, it serves its large client base by providing diverse product range throughout the country by its largest number of network. Our clients span all levels of society - business corporations, government offices, development organizations and individual customers. 'NLG' has reliable reinsurance support of world's renowned reinsurer Hannover Re as its lead reinsurer. Its strategic stakeholders are: National Life Insurance Co. Ltd, Rastriya Banijya Bank and Public Stakeholders.

Nepal Insurance Company Limited

A non-life insurance company of Nepal that was established in 1947 AD as "Nepal Malchalani Tatha Beema Company" later changed its name to "Nepal Insurance & Transport Company Ltd" in 1959 AD, and now known as "Nepal Insurance Company

Limited" since 1991 AD. The company was incorporated in 2051-09-06 under the Company Act 2021(Currently Company Act 2063) and operated as general insurance company after obtaining a license in 2053-02-17 under the insurance act 2049. The registered office of the Company is located at Kamaladi, Kathmandu, Nepal. This is the First Insurance Company of Nepal which is promoted by Nepal Bank Ltd; The First Commercial Bank of Nepal, owned by Government of Nepal having a very strong backup from Nepal Bank Ltd & Asian Life Insurance Co. Ltd. along with other Promoters by holding 51% of the shares and 49% of the shares to General Public. The shares are listed in Nepal Stock Exchange and are easily and instantly tradable in the stock market with higher value than its net worth. Operating with 58 Branches across the country through more than 275 trained dedicated manpower. Strong Reinsurance Backup. Associated with world's leading Reinsurance Companies rated highly for their financial stability and claim payment capabilities by reputed agencies like Standard & Poor and A.M. Best. Hannover Ruck, Germany which is world's 3rd largest reinsurance company is the Consortium Lead.

Prabhu Insurance Limited

Prabhu Insurance Limited, one of the leading non-life insurance companies of Nepal, was founded in 2053 B.S by leading Industrial and Business Houses of Nepal. It has major shareholding of 'Prabhu Group and Employees' Provident Fund. Currently, the paid-up capital of the company is above Rs. 1.44 billion. Prabhu Insurance has been providing insurance services through its 60 branches/sub-branches all over the Nepal. The Chief Executive Officer is Mr. Sanchit Bajracharya. Since its inception, the company has managed to establish itself as a reputed and reliable insurer in the field of Nepalese non-life insurance. Similarly, it has been providing high quality insurance services to its customers by issuing required insurance policies timely.

1.2 Problem Statement

In any stock market of economy, stock prices are greatly affected by the interaction of demand and supply as well as internal and external factors stated in (Kattel and Pradhan, 2023). Understanding the dynamics of supply and demand is crucial for investors and traders in any stock market. These dynamics are influenced by a multitude of factors. Economic imbalance, political instability, government regulations, company and industrial

performance, mobility of investors in stock investment, and knowledge of the stock market all play significant roles. These factors collectively contribute to the fluctuations in market stock prices. In essence, the stock prices are not solely determined by the supply and demand forces but also by the intricate interplay of internal, company-specific factors, and external, macroeconomic, and geopolitical factors. Achieving a nuanced comprehension of these elements is paramount for making an informed investment decisions in the stock market.

Milošević (2018) explored that based on empirical analysis, factors such as size, book value per share, returns on assets and trust rate have a positive impact on the price of stocks in the Financial and Insurance Activities Sector. Similarly, Almumani (2014) showed that there is positive correlation between independent variables (DPS, EPS, size, P/E ratio and BV) and dependent variable (market price of share). Ramij and Das (2021) revealed that there exists significant positive impacts of ROA, BVPS, EPS and P/E ratio on stock price under pooled OLS model while the Fixed-effect model shows that ROA and P/E ratio has significant positive impacts where firms' size negatively impacts the market stock price. As per the empirical studies conducted by international researches, these are the reasons for fluctuating the stock prices in the market.

Likewise, Bhattarai (2018) also found that there is positive relation between EPS, DPS, P/E, size DPR and market price per share. Besides, Kattel and Pradhan (2023) showed that return on assets has a negative impact on market price of share. However, EPS, P/E ratio, company size, ROE, DPS and premium growth have positive impact on market price of share. Adhikari (2021) found that BVPS has strong positive correlation with stock market price. Likewise, P/E ratio and ROE has moderate positive correlation where DY and size has weak positive correlation with stock market price.

Compared to the robustness of global financial markets, the Nepalese stock market appears relatively modest, reflected in its limited transaction activity, scarcity of listed firms, and the dominance of a few brokerage firms. Despite its unassuming stature, the market has not received the level of attention or strategic planning necessary for its optimal development. The researchers and policymakers have yet to delve deeply into its dynamics, failing to recognize its potential importance in driving the economic growth and attracting investment.

The Nepalese stock market's modest size doesn't inherently pose a problem, but it does underscore the need for focused efforts to realize its potential. While it may not match the scale of larger markets, it represents a vital component of Nepal's economic landscape, capable of fostering growth and wealth creation. However, without comprehensive research and strategic planning tailored to its unique context, the market risks remaining underdeveloped and susceptible to external pressures. It's imperative for stakeholders to prioritize initiatives aimed at enhancing the market's resilience and transforming it into a vibrant hub for economic activity, essential for Nepal's long-term prosperity.

One critical aspect that remains underexplored is the impact of specific factors on the stock prices of Nepalese insurance companies. Few research studies have delved into this area, leaving a gap in understanding how factors such as economic conditions, regulatory changes, or industry-specific trends affect insurance company stocks. Given the dynamic nature of markets, it's imperative to conduct thorough and ongoing analyses to provide investors with up-to-date information. Without such insights, investors may find it challenging to make informed decisions amidst the evolving landscape of the Nepalese stock market. Thus, there is pressing need for an increased research and analysis to deepen our understanding of the market dynamics and facilitate more informed investment strategies.

This study is rooted in the context of Nepal's unique circumstances, recognizing the specific challenges and opportunities within the country. With this in mind, its primary aim is to delve into key topics that hold particular relevance within Nepal's socio-economic landscape, directing its focus towards investigating the following crucial issues:

(i) How do the market price per share vary among different non-life insurance companies in Nepal in terms of structure and trend?
(ii) How do the structures and trends of earnings per share, dividend per share, price earnings ratio and book value per share differ amongst Nepalese non-life insurance companies?
(iii) Are the market price per share and earnings per share, dividend per share, price earnings ratio and book value per share significantly related for Nepalese non-life insurance companies?

(iv) What is the effect of earnings per share, dividend per share, price earnings ratio and book value per share on the market price per share in Nepalese non-life insurance companies?

1.3 Objectives of the Study

The objectives of the study play a crucial role in highlighting the purpose of conducting the investigation. At its core, the primary aim of the study is to examine the relationship between the market price per share of Nepalese insurance companies and various firm-specific factors. However, to achieve this overarching goal effectively, the study delineates following major objectives that serve as targeted areas of focus:

(i) To study how the market price per share differs in terms of structure and trend among Nepalese non-insurance companies
(ii) To study the differences in structures and trends of earnings per share, dividend per share, price earnings ratio and book value per share differ amongst Nepalese insurance companies
(iii) To assess the relationship between earnings per share, dividend per share, price earnings ratio, book value per share and market price per share in Nepalese non-life insurance companies.
(iv) To examine the effect of earnings per share, dividend per share, price earnings ratio and book value per share on market price per share of Nepalese non-life insurance companies

1.4 Hypotheses

At the outset of any investigation, a hypothesis serves as the foundational premise, converting research inquiries into testable predictions. By leveraging the hypothesis, this study can systematically examine how various firm-specific factors such as earnings per share, dividend per share, price-earnings ratio and book value per share affect the stock prices of Nepalese non-life insurance companies. Drawing from previous literature, the study formulates following hypotheses aimed at assessing the impact of these factors on insurance companies' stock prices:

H_1: There is a positive relationship between earnings per share and market price per share.

H_2: There is a positive relationship between price earnings ratio and market price per share.

H_3: There is a positive relationship between dividend per share and market price per share.

H_4: There is a positive relationship between book value per share and market price per share.

1.5 Rationale of the Study

In Nepal, a concerning trend of reckless stock investments persists due to a lack of comprehensive knowledge among investors. This situation underscores the urgent need for research efforts aimed at enhancing understanding and guiding rational decision-making in stock investments. Therefore, this study endeavors to fill this gap by delving into various firm-specific factors such as earnings per share (EPS), dividend per share (DPS), book value per share (BVPS), and price earnings ratio (PE) to shed light on their influence on the stock prices of insurance companies in Nepal.

By examining these factors, the study seeks to provide investors with valuable insights into the financial health and performance of sampled insurance companies. Armed with accurate information, investors can make more informed and rational decisions, mitigating the risks associated with uninformed investments. Moreover, this study doesn't just address the immediate need for actionable insights; it also contributes to the broader knowledge by offering improved metrics for evaluating the impact of EPS, DPS, PE and BVPS on stock prices. In doing so, it lays groundwork for future research works aimed at deepening our understanding of the dynamics shaping Nepalese stock market and investment strategies.

1.6 Limitations of the Study

The limitations of this study stem from its design and methodology, which may have constrained its applicability and interpretation, consequently impacting the generalizability and overall value of its findings. These limitations are primarily rooted in the establishment of internal and external validity within the study framework. It's crucial to acknowledge and address these major limitations to provide a more accurate and comprehensive understanding of the research findings. The major limitations of the study are as follows:

(i) This study will be concentrated at 5 sampled non-life insurance companies only.
(ii) This study will consider only firm-specific factors and ignores macroeconomic factors.
(iii) This study will be done with the help of secondary data only which is limited to the data available in the annual reports of the selected insurance companies.
(iv) This study will analyze the impact of only four variables: EPS, DPS, PE and BVPS on the stock price of Nepalese non-life insurance companies of 10 years from 2013/14 to 2022/23.

1.7 Chapter Plan

This study has been divided into five chapters. Chapter one deals with introduction part of the body which includes background of the study, problem statement and research questions, objectives of the study, hypothesis of the study, rationale of the study, limitations of the study and chapter plan of the study. Chapter two concerns with literature review which includes theoretical review, empirical review and research gap. Chapter three deals with research methodology which includes research design, population and sample, and sampling design, nature and sources of data, and the instrument of data collection, methods of analysis, research framework and definition of variables. Chapter four deals with results and discussion which includes analysis of the data and discussion in the form of various tables and figures. Chapter five is the final chapter of the study which provides the summary, conclusion and implication of the results from the study. Finally, references and annexure are presented at the end of the study.

CHAPTER II

LITERATURE REVIEW

Literature review refers to examining research papers and other pertinent claims within the focus areas of investigation in order to identify all previous studies, their conclusions, and any shortcomings so that more research may be carried out. Reviewing relevant research entails using fresh eyes to see the world in a different light by presenting the issue with updated facts and information and observing the outcomes that follow. Literature is mostly used for educational purposes. It assists researchers in learning what has already been done and what needs to be done in their field of study. This chapter presents theoretical review, empirical review and research gap.

2.1 Theoretical Review

This study explores various theoretical frameworks, such as Efficient market hypothesis, Dividend discount model, Modigliani-Miller theorem, Capital asset pricing model, Signaling theory, Agency theory, Random walk theory, Behavioral finance, Free cash flow theory and Market microstructure theory. These theories provide valuable insights into investment decisions and stock market behavior. By leveraging these theories, the study aims to analyze stock market dynamics and investment strategies more effectively, using them as a guiding framework to interpret empirical findings and understand the relationship between firm-specific factors and stock prices.

2.1.1 Efficient market hypothesis

The Efficient Market Hypothesis (EMH), formulated by Eugene Fama in the 1960s, asserts that financial markets effectively integrate all available information into the prices of securities. This theory implies that it is impossible for investors to consistently achieve returns above the market average on a risk-adjusted basis because stock prices already reflect all relevant information. EMH is categorized into three forms: weak, semi-strong, and strong. The weak form suggests that past price movements and trading volumes do not influence stock prices, making technical analysis futile. The semi-strong form states that all publicly available information is already priced into stocks, thus making fundamental analysis ineffective. The strong form argues that all information, both public and private, is fully reflected in stock prices, leaving no room for any investor to gain an advantage.

This theory is crucial for understanding that firm-specific factors like earnings, dividends, and financial ratios should already be considered in stock prices if the market is truly efficient.

2.1.2 Dividend discount model

The Dividend Discount Model (DDM) is a valuation method that estimates the value of a company's stock based on the theory that its current price is worth the sum of all its future dividend payments when discounted back to their present value. John Burr Williams first introduced this model in his 1938 book "The Theory of Investment Value," which was later refined by Myron Gordon and Eli Shapiro. The most widely used version, the Gordon Growth Model, assumes that dividends will grow at a constant rate indefinitely. The model is represented as $P_0 = \frac{D_1}{r-g}$ where, P_0 represents the current stock price, D_1 is the expected dividend next year, r is the required rate of return, and g is the growth rate of dividends. The DDM emphasizes the crucial role of dividends per share (DPS) in determining stock prices, highlighting that a company's ability to generate and grow dividends is a key factor in its valuation. By focusing on dividends, the model underscores the importance of a company's long-term profitability and growth prospects in assessing its stock value.

2.1.3 Modigliani-Miller theorem

The Modigliani-Miller Theorem, introduced by Franco Modigliani and Merton Miller in 1958, is a cornerstone of corporate finance that examines the irrelevance of capital structure in an idealized market. According to this theorem, in the absence of taxes, bankruptcy costs, and asymmetric information, a firm's value is unaffected by its choice of financing, whether through debt or equity. The theorem is divided into two key propositions. The first proposition states that a firm's value is determined by its real assets and not by its financing methods. The second proposition asserts that the cost of equity rises with increased leverage due to the heightened risk borne by equity holders. In practical terms, the theorem implies that in a perfect market, financial policies related to earnings per share (EPS) and dividends should not influence stock prices. However, in reality, market imperfections such as taxes, bankruptcy costs, and information asymmetry make financial policies significant, impacting how firm-specific factors affect stock prices. By highlighting the conditions under which capital structure becomes relevant, the Modigliani-Miller Theorem

underscores the importance of understanding real-world complexities in corporate finance. It provides a framework for analyzing the effects of financial decisions and their implications for firm value and investor perceptions.

2.1.4 Capital asset pricing model

The Capital Asset Pricing Model (CAPM), independently developed by William Sharpe, John Lintner, and Jan Mossin in the 1960s, explains the relationship between an asset's systematic risk and its expected return. The model introduces the concept of beta (β), which measures the sensitivity of an asset's returns to the returns of the overall market. The CAPM formula is expressed as $E(R_i) = R_f + \beta_i[E(R_m) - R_f]$ where, $E(R_i)$ is the expected return of the asset, R_f is the risk-free rate, β_i is the beta of the asset and $E(R_m) - R_f$ is the market risk premium. CAPM is crucial for understanding how firm-specific factors, by affecting the beta and risk profile of a firm, influence the required rate of return and ultimately its stock price. It underscores the trade-off between risk and return, suggesting that higher risk (as indicated by a higher beta) should be compensated by higher expected returns. This model is instrumental in portfolio management and asset valuation, providing a theoretical framework for assessing the impact of market risk on an asset's return. By incorporating beta, CAPM helps investors determine the appropriate expected return for an asset based on its risk level relative to the market, guiding investment decisions and pricing strategies.

2.1.5 Signaling theory

Signaling Theory, initially developed by Michael Spence in 1973 for the job market, was later adapted to finance by Stephen Ross and other scholars. This theory suggests that companies can convey their quality and future prospects to investors through strategic financial decisions and market actions. For example, dividend payments can be seen as indicators of a company's profitability and financial stability, which can enhance investor confidence and potentially lead to higher stock prices. The theory hinges on the concept of information asymmetry, where company management possesses more information about the firm's future prospects than investors. Managers can use financial decisions, such as dividend announcements, share repurchases, or changes in capital structure, to communicate this insider information to the market. By doing so, they provide signals that

help reduce the information gap between management and investors. Signaling Theory is vital for understanding how specific financial metrics, like earnings per share (EPS) and dividends per share (DPS), can shape investor perceptions and influence stock prices. These signals offer insights into a company's performance and future potential, guiding investor decisions and market reactions. This theory underscores the importance of transparency and strategic financial communication in maintaining investor trust and market efficiency.

2.1.6 Agency theory

Agency Theory, introduced by Michael C. Jensen and William H. Meckling in their influential 1976 paper, explores the conflicts that arise between principals (shareholders) and agents (managers). This theory posits that these conflicts occur because managers, entrusted to act in the best interests of shareholders, might instead pursue their own personal goals. Such misalignment can lead to agency costs, encompassing expenses related to monitoring managerial actions, aligning incentives, and the residual losses from decisions that fail to maximize shareholder value. Agency Theory is crucial for understanding how managerial decisions can impact firm-specific factors like earnings, dividends, and financial policies. It emphasizes the need for robust corporate governance mechanisms to align the interests of managers and shareholders. By doing so, these mechanisms help ensure that managerial actions enhance stock prices and overall firm value. This theory underscores the significance of transparency, accountability, and incentive structures in promoting decisions that benefit shareholders and support long-term corporate success.

2.1.7 Random walk theory

Random Walk Theory, originally introduced by French mathematician Louis Bachelier in his 1900 dissertation and later popularized by Burton Malkiel in his 1973 book "A Random Walk Down Wall Street," asserts that stock prices follow a random and unpredictable trajectory. This theory contends that future stock price movements are independent of past movements, implying that prices follow a random path. As a result, predicting stock price movements based on historical data or trends is deemed impossible, rendering attempts to outperform the market through technical analysis or market timing ineffective. Random Walk Theory challenges the belief that firm-specific factors can create predictable patterns in stock price movements. It emphasizes that all available information is already

incorporated into current stock prices, supporting the concept of market efficiency. This theory highlights the significant challenge of achieving consistent excess returns through active management, as it suggests that market prices reflect all known information and move in a manner that is inherently unpredictable.

By advocating for the randomness and unpredictability of stock prices, Random Walk Theory underlines the difficulties investors face in trying to consistently beat the market. It encourages a focus on market efficiency and suggests that passive investment strategies, such as holding a diversified portfolio, may be more effective than attempting to outsmart the market through active trading. This perspective has profound implications for investment philosophy and strategy, influencing the approach to portfolio management and risk assessment.

2.1.8 Behavioral finance

Behavioral Finance, pioneered by psychologists Daniel Kahneman and Amos Tversky, investigates how psychological factors and cognitive biases affect investor behavior and financial decision-making. Their groundbreaking work on prospect theory, which explains how people make choices under conditions of risk, laid the foundation for understanding irrational behavior in financial markets. This field challenges traditional finance theories, such as the Efficient Market Hypothesis (EMH), by showing that investors often act irrationally, influenced by biases like overconfidence, loss aversion, and herd behavior. Behavioral Finance explains that these psychological biases can lead to market anomalies and deviations from fundamental values, offering a more nuanced view of market dynamics. For example, overconfidence can cause investors to overestimate their knowledge and abilities, leading to excessive trading and market volatility. Loss aversion, the tendency to prefer avoiding losses over acquiring equivalent gains, can result in investors holding on to losing stocks too long or selling winning stocks too early. Herd behavior, where individuals mimic the actions of a larger group, can create bubbles or crashes as investors collectively follow trends without independent analysis.

This field is crucial for understanding how investor reactions to firm-specific factors, such as earnings announcements or dividend changes, can significantly impact stock prices. It provides insights into how sentiment and irrational behavior drive market movements,

highlighting the role of emotions and psychological factors in financial markets. By incorporating behavioral insights, investors and financial professionals can better predict and manage market trends, improve investment strategies, and develop policies that account for human behavior's complexities and unpredictability.

2.1.9 Free cash flow theory

Free Cash Flow Theory, introduced by Michael Jensen in 1986, posits that a firm's value is primarily driven by its free cash flow—the cash generated after accounting for capital expenditures needed to maintain or grow its asset base. This theory emphasizes that free cash flow is a critical indicator of a company's financial health and its capacity to pay dividends or repurchase shares. Firms with substantial free cash flow are seen as more stable and capable of delivering returns to shareholders. However, Jensen also highlighted that abundant free cash flow could lead to agency problems. Managers might use excess cash to invest in projects that do not add value, rather than returning it to shareholders. This potential misuse of funds underscores the importance of effective corporate governance and management incentives aligned with shareholder interests.

Free Cash Flow Theory is essential for understanding how firm-specific factors, such as earnings and dividends, which are directly linked to a firm's cash flow, influence stock prices. It underscores the significance of financial stability and performance metrics in shaping investor perceptions and market valuation. Investors often view high free cash flow as a sign of robust financial health, leading to higher stock prices. Additionally, this theory highlights the critical balance between reinvesting in the business and returning capital to shareholders. Companies must strategically manage their free cash flow to maximize shareholder value while ensuring sustainable growth. This approach provides a comprehensive framework for assessing a firm's financial decisions and their impact on long-term value creation, guiding both corporate strategy and investment analysis.

2.1.10 Market microstructure theory

Market Microstructure Theory explores the intricate processes and mechanisms through which securities are traded, with a focus on the behavior of market participants and the architecture of trading systems. While Paul Samuelson made early contributions to this field, it has since been extensively developed by numerous researchers. The theory

investigates how information is assimilated into prices, the importance of liquidity, and the effects of trading behavior on price formation. This theory delves into the functioning of order books, bid-ask spreads, and the actions of various types of traders, including institutional and retail investors, market makers, and high-frequency traders. It examines how these different players interact within the market, how their strategies affect price movements, and how they contribute to overall market efficiency. Understanding the role of liquidity is particularly crucial, as it affects the ease with which securities can be bought or sold without causing significant price changes. Market Microstructure Theory is essential for grasping how firm-specific news and financial reports are reflected in stock prices through trading activities. It provides insights into short-term price movements and the influence of trading mechanisms on market efficiency. This theory explains how the dissemination of information about firm-specific factors, such as earnings announcements or dividend changes, affects stock prices through the behavior of traders and market dynamics.

Moreover, Market Microstructure Theory sheds light on the impact of trading costs, information asymmetry, and the design of trading platforms on market outcomes. It highlights the importance of transparent and efficient trading systems in ensuring fair price discovery and minimizing the adverse effects of market manipulation. By understanding these micro-level details, investors and policymakers can better appreciate the complexities of market behavior and work towards enhancing market stability and efficiency.

These theories together offer a thorough framework for examining how firm-specific factors affect the stock prices of non-life insurance companies in Nepal. They provide insights into the different mechanisms through which financial indicators and market behavior impact stock valuation.

Empirical Review

This research endeavors to scrutinize the impact of firm-specific factors on the market price per share of Nepalese non-life insurance companies. To achieve this objective, an extensive review of pertinent literature has been conducted. The literature review serves as a crucial foundation for understanding existing research findings, theories, and methodologies pertinent to the subject matter. By delving into prior studies and scholarly works, this

research aims to contextualize its analysis within the broader academic discourse surrounding the factors influencing stock prices in the insurance sector.

Al Shubiri (2010) conducted the study to have an idea about the factors affecting the equity return of studied banks stock and to identify whether there is a significant relationship between market return of listed commercial banks with some microeconomic factors. The sample of study includes the 14 commercial banks of Amman Stock Exchange in Jordan for the period 2005 -2008. Researcher has used simple and multiple regression analysis method to attain the stated objectives. In this study, it is found that there is highly positive significant relationship between market price of stock and net asset value per share; market price of stock dividend percentage gross domestic product, and negative significant relationship on inflation and lending interest rate but not always significant on at years 2005, 2006 and at all years of Amman Stock Exchange in Jordan. This paper highlights the importance of economic growth, a well-developed banking sector, domestic investment, and good quality institutions for stock market development in emerging market countries.

Meanwhile, Menaje (2012) aimed to determine whether earnings per share (EPS) and return on assets (ROA) significantly influenced the share price of publicly listed firms in the Philippines. Utilizing the 2009 financial reports of 50 publicly listed firms, the study employed correlation and multiple regression techniques. The results indicated a positive correlation between EPS and the share price of publicly listed firms, while ROA showed a weak negative correlation. Collinearity statistics confirmed no multicollinearity between EPS and ROA. Multiple regression analysis revealed that the chosen model explained 73% of the average change in share price.

Nazir, Rakha & Nawaz (2012) conducted a study examining the relationship between corporate payout policy and market capitalization, utilizing payout ratio and dividend yield as measures of payout policy, while controlling for size, growth, EPS, leverage, GDP growth, and interest rates. They selected 68 firms from the nonfinancial sector of Pakistan listed on the KSE-100 index for the period of five years from 2006 to 2010. Various statistical techniques, including correlation, regression, fixed effect, and random effect, were applied to pooled and panel data to determine this relationship. The empirical results indicated a strong relationship between corporate payout policy and market capitalization, with pooled data showing a strong negative relationship between dividend yield and market

capitalization. The fixed effect model revealed significant relationships between EPS, GDP, and interest rates with market capitalization, while the negative relationship between dividend yield and market capitalization was insignificant in the fixed effect model. Overall, the results suggested a significant impact of corporate payout policy on market capitalization in Pakistan, consistent with earlier studies.

Tandon & Malhotra (2013) presented a study reviewing the empirical relationship between stock prices and intrinsic factors such as book value per share, dividend per share, earnings per share, price-earnings ratio, dividend yield, dividend payout, size in terms of sale, and net worth for NSE 100 companies during the period 2007-08 to 2011-12. They employed correlation and linear multiple regression models to measure the effect of independent variables on the dependent variable, using backward elimination procedure to address multicollinearity. The findings revealed significant positive associations between firms' book value, earnings per share, and price-earnings ratio with stock price, while dividend yield showed a significant inverse association with the market price of the firm's stock during the specified period.

Similarly, Almumani (2014) conducted research to determine the factors influencing share prices of listed banks on the Amman Stock Exchange from 2005 to 2011. Employing ratio analysis, correlation, and linear multiple regression models, the study analyzed independent and dependent variables. The findings indicated a positive correlation between independent variables (DPS, EPS, size, P/E ratio, and book value per share) and the dependent variable (market price of share). Regression analysis revealed that EPS, BV, P/E ratio, and DPS had significant and positive relationships with the market price of shares. This suggests that studying financial factors can be beneficial for investors in Jordan, offering strong explanatory power and aiding in accurate forecasts of future stock prices.

Menike & Prabath (2014) conducted the study to examine the impact of accounting variables such as dividend per share, earnings per share and book value per share of stock price on a sample of 100 companies listed in the Colombo Stock Exchange (CSE) from 2008 to 2012. To measure the strength of these relationships, single and multiple regression models have been applied. Multiple regression analysis reveals that a significant and positive impact of accounting factors on the stock price. Compared to the results of the developed market and developing market EPS shows less impact to the price in the CSE.

Further DPS and BVPS show significant impact to the share price. However DPS shows the most sensitive factors with the stock price in the CSE. At last, it is recommended that investors should not only pay attention to the accounting information on EPS, DPS, BVPS but also to the income from main operations ratio, quick ratio, accounts receivable, turnover ratio, inventory turnover ratio and liquidity ratio. This can assure investors of more secure income.

Arshad, Arshaad, Yousaf & Jamil (2015) conducted a study to identify the determinants of share prices for the 22 listed commercial banks in Karachi stock exchange over the period 2007-2013. One of the unique features of this paper is to find out the impact of both internal and external factors on share price. The objective of the study was to examine the determinants of stock prices of banking sector in Pakistan. The findings showed that EPS has positive and significant relationship with share prices. Interest rate has negative and significant relation with share price. Results showed that B/M ratio negatively and significantly related with share prices. Dividend per share and price earnings ratio has insignificant relationship with share price while dividend per share has negative and earnings per share has positive relation with stock prices. GDP has positive but insignificant relationship with share prices. Findings showed that Leverage has positive but insignificant relation with share prices. Thus, stock price of companies reflect the value of anticipated future profits so listed banks of Pakistan should take correct measurement for the increase of its stock prices like try to improve earnings per share and try to decrease book to market ratio.

Likewise, Al Qaisi, Tahtamouni & Al Qudah (2016) aimed to investigate the effect of some factors on market stock price such as Return on Asset (ROA), Return on Equity (ROE), Debt Ratio, the Age of the Company, and the Size of the Company. The study used twenty insurance companies listed in Amman stock exchange during the period 2011 to 2015. The data analysis includes simple and multiple liner regression and the results found that there is effect between ROA and market stock price in insurance companies listed on ASE. There is no effect between ROE and market stock price in insurance companies listed on ASE. There is effect between Debt Ratio and market stock price in insurance companies listed on ASE. There is effect between Company's age and market stock price in insurance companies listed on ASE. There is effect between Company's Size and market stock price in insurance companies listed on ASE.

Moreover, Pradhan & Dahal (2016) examined the factors affecting the share price of Nepalese commercial banks. The study used the data of 14 commercial banks listed in NEPSE for the period 2002/03-2013/14. The multiple regression models were estimated to test impact of firm specific and macroeconomic factors on share price of Nepalese commercial banks. This study aims at examining the relationship between bank specific and macroeconomic variables and MPS in Nepal's banking sector. It determines the effect of earnings per share, dividend per share, price earnings ratio, book value per share, return on assets, size, gross domestic product, inflation and money supply on MPS. The result showed that higher the EPS, DPS, P/E ratio, BVPS, ROA, size, GDP, INF and MS, higher would be the market price per share of the company.

Sapkota (2016) conducted the study to examine the determinants of share price of Nepalese commercial banks. The survey is based on 133 observations from 19 commercial banks in Nepal. The regression models are estimated to test the significance and importance of share price in Nepalese commercial banks. The study reveals a positive correlation between market price per share and various factors such as earnings per share, dividend per share, price earnings ratio, return on assets, and gross domestic product. Conversely, it reveals a negative correlation with leverage, inflation, and interest rate. The study also reveals a positive relationship between stock return and excess return with earnings per share, dividend per share, price earnings ratio, leverage, return on assets, inflation, and interest rate.

In the same way, Aveh & Vitor (2017) conducted a study to examine the influence of firm-specific determinants of stock prices in an emerging market with particular reference to firms listed on the Ghana Stock Exchange. The study employs a data-set from all listed firms on the Ghana Stock Exchange from 2008 to 2014. Panel data methodology was employed to achieve the objective of the study. The empirical findings revealed a positive and significant relationship between ROE, EPS, BMVS and market capitalization suggesting that these variables are major determinants of the market price of shares on the Ghana Stock Exchange. However, a significant negative relationship was found between the market price of shares and dividend yield. This suggests that dividend decisions are not critically important in influencing the market price of shares.

Gautam (2017) studied to examine the impact of firm specific variables on stock price volatility and stock return in context of Nepalese commercials banks over the period of 2008/09 to 2015/16. This study employs causal comparative research design which deals with how bank specific variables, specifically, leverage ratio, market capitalization, growth of assets, earning price ratio, dividend yield and book to market effect on stock price volatility and stock return. The study reveals a positive correlation between leverage, market capitalization, dividend payout, and dividend yield with stock return. Higher leverage, dividend payout, and yield ratios lead to higher stock returns. Conversely, higher book to market, asset growth, and earnings price ratios lower stock returns. Leverage, dividend payout, and dividend yield also positively affect share price volatility. Conversely, higher market capitalization, book to market, asset growth, and earnings price ratios lower share price volatility.

Ibrahim & Bala (2017) investigated the impact of certain firms' attributes namely: Market Capitalization, Debt-to-Equity Financing and Earnings per Share on Stock Market Returns of listed food and beverages firms in Nigeria for the period 2007-2013. The population comprises all the twenty-one (21) food and beverages firms listed on the Nigerian Stock Exchange (NSE) December, 2013. Out of which nine (9) firms constitute the sample of the study. Data was analyzed using several options of multiple panel data regression. But the most robust of all is OLS regression as suggested by 'Breusch and Pagan Lagrangian Multiplier Test for Random Effect'. The finding revealed that market capitalization has a significant negative impact on stock market returns of listed food and beverages firms in Nigeria, while DE was found to have significant positive impact on stock market returns of listed food and beverages firms Nigeria. Furthermore, earnings per share was also found to have strong and significant positive impact on stock market returns of listed food and beverages firms in Nigeria.

Additionally, Bhattarai (2018) conducted a study to examine the firm specific and macroeconomic variables effects on Share Prices of Nepalese commercial banks and insurance companies. The study is based on secondary data of seven banks and six insurances companies for the period of 2009/10 - 2014/15. The result shows that beta coefficients for EPS, DPS, PE, size GDP and ER are positive and statistically significant with market price per share. The finding shows that higher the EPS and DPS higher would be the market price of share. The result shows that the beta coefficient for size is positive

and statistically significant with market price per share. It indicates that larger the firm size higher would be the market price of share. It shows that increase in EPS, DPS, DPR, PE, size GDP and ER also increase in market prices per share. The beta coefficient for ROE, ROA, MS, and IR are negative but statistically significant with market price per share. It shows that these variables have inverse relationship with market prices per share.

Milošević (2018) aimed to examine the impact of certain determinants of stock prices on the capital market in development, with a special focus on companies in the Financial and Insurance Activities Sector whose shares are listed on the Belgrade Stock Exchange. The study uses data from individual companies from 2008 to 2014 and used regression analysis and cluster analysis. Based on empirical analysis, variables such as size (market capitalization), book value per share, returns on assets and trust rate have a positive impact on the price of stocks in the Financial and Insurance Activities Sector. It is recommended that the directors of the firms listed on the Belgrade Stock Exchange introduce policies which would have a positive impact on their financial performances to significantly influence their stock prices positively.

Nepal (2018) examined the effect of firm specific and macro-economic variable on share price determination of commercial banks in Nepal over a period from 2009/10 to 2015/16. The study is based on 105 observation from 15 commercial banks of Nepal. The regression models are estimated to test the significant and importance of effect of firm specific and macroeconomic variable on share price determinant of Nepalese commercial banks. The result showed that the market price of a share is positively correlated with firm size, earnings per share, return on assets, dividend per share, gross domestic product, and inflation, while negatively correlated with interest rate. Stock return is positively related to firm size, earnings per share, dividend per share, gross domestic product, and inflation, while negatively related to return on assets, inflation, and interest rate. The beta coefficient for these factors is positive for dividend per share, earning per share, gross domestic product, and interest rate, while negative for firm size, return on assets, and inflation.

In like manner, Shakya (2018) studied on ‘The factors affecting market share price of insurance companies in Nepal’. In this study, the quantitative factors that affect market share price of listed insurance companies in Nepal are analyzed from 2009/10 A.D. to 2015/16 A.D. The correlation findings show that there is positive relation between ROA,

ROE, EPS, Debt, DPS, P/E and MPS. The findings shows that there is significant correlation between ROA and MPS. Likewise, there is insignificant positive correlation between ROE, Debt and EPS. On the other hand, BVPS has insignificant negative relation with MPS. The regression finding shows that independent variables ROA, DPS and P/E have positive relationship with dependent variable MPS. And independent variables ROE, BVPS, EPS and Debt have inverse relationship with dependent variable MPS.

Gautam & Bista (2019) examined the factors affecting the share price of Nepalese non-life insurance companies. This study is based on secondary data of 15 non-life insurance companies with 105 observations for the period from the fiscal year 2011/12 to 2017/18. The study reveals that the market price of shares in Nepalese non-life insurance companies is influenced by various factors, including return on assets, dividend per share, earning per share, firm size, and inflation. However, firm size has a positive impact on the market price, and the earnings ratio also has a negative impact. The most dominant factor affecting the share price is return on assets, followed by earnings per share in these companies.

The similar, Silwal & Napit (2019) also aimed to ascertain the determinants of the stock market price in Nepalese commercial banks for the period of 2065/66 to 2074/75. It is based on pooled cross-sectional data of ten banks for 10 years whose stocks are listed in Nepal stock exchange. By using descriptive statistics, correlation and regression analysis it has been found as a positive relationship between BVPS, P/E ratio, ROE and DY. The DY has positive relation but is insignificant with dependent variable whereas negative relationship with SIZE on stock market price. The result of this study suggests investors to pay their attention on BVPS, P/E ratio and ROE before making any decision regarding the investment in stock of the commercial banks.

Khatiwada (2020) studied on ‘Factors affecting the share price of Nepalese insurance companies’ to examine the determinants of share price of insurance companies of Nepal listed on the Nepal Stock exchange Limited over the period of 2011/12 to 2017/18. For this, correlation and regression analysis has been conducted to present the data. The findings show that there is not a single financial indicator that has a dominated role to determine MPS. One financial indicator that has significant role in fixation of MPS for one company is not significant for another company. The MPS keeps on fluctuating as per the changes in the factors like: DPS, EPS, DPR and DY. The results revealed that earning per

share and price- earnings ratios have the significant positive association with share price while dividend yield showed the significant inverse association with share price.

Alike, Pudasaini (2020) also conducted ‘A study on stock price behaviour of selected insurance companies listed in NEPSE’ in order to to investigate the effect of some factor on market stock price such as earning per share (EPS), Dividend per share (DPS), P/E ratio and Size of the company. The findings show that there is not consistent performance in the relationship of MPS with EPS, DY, DPS, size and P/E for all company. It can significantly differ either positively or negatively. The market price of Nepalese Insurance companies is influenced by various factors, including EPS, Dividend Yield, Dividend per share, SIZE, and P/E. These factors, along with P/E, DPS, and EPS, positively affect the company's market price. However, other internal and external factors also play a significant role. Theoretically, when earnings, dividend, and book value of shares increase, the market price of the share also increases, and vice versa. Dividend yield, earning per share, price earnings ratio, and size are the major determinants of share price.

Adhikari (2021) examined the factors affecting the share price of Nepalese life insurance companies. The correlation and multiple regression models were estimated to test impact of firm specific factors on share price of Nepalese life insurance companies. Using data of 4 insurance companies listed in NEPSE for the period 2012/13- 2018/19, the result shows that company's specific variables like earnings per share, divided per share, price earnings ratio, dividend payout ratio, and dividend yield ratio are the major determining stock price in context of life insurance companies in Nepal. The result indicates that the variables DPS, P-E ratio are the significance determinants of stock price which affects the stock price in direct manner. Likewise, Earning per share and dividend yield also have significance positive influence on stock price. The market price of a share is influenced by a variety of factors, the primary ones being price to earnings ratio (PER), dividend per share (DPS), and earning per share (EPS). When making investments in the share market, investors must take into account all of the aforementioned considerations.

Moreover, Katuwal (2021) conducted a study to analyze the factors affecting the market price of Nepalese commercial banks. The study is based on data collected from six commercial banks listed in Nepal Stock Exchange (NEPSE) for the period of FY 2012/13-FY 2019/20 by convenience sampling method. This paper investigates the relationship

between the variables of Nepalese commercial banks by using Descriptive Statistics Correlation and Regression and ANOVA test. The findings revealed that earning per share, price earnings ratio and book value per share have the significant positive association with share price while return on assets and size of the banks have no explanatory power toward stock price movement. But return on assets and size of the bank does not affect the share price. The study concludes that earnings per share, price earnings ratio and book value per share are the major determinants of share price of Nepalese commercial banks.

Ramij & Das (2021) aimed to reveal the financial factors responsible for the movement of the market stock price of insurance companies enlisted in the Dhaka Stock Exchange. For this purpose, ten years of panel data covering from 2010 to 2019 of 15 insurance companies have been analyzed with the use of econometric modeling techniques such as Pooled OLS regression and the Random-effect and Fixed-effect model. Under the Pooled OLS regression, ROA, BVPS, EPS, and PE have significantly and positively affected the share's market stock price. Under the Fixed-effect model, the ROA and PE have a significantly positive impact on MSP, whereas SZ has a significantly negative effect on MSP.

Bhurtel (2022) also conducted to study to examine the impact of different financial indicators like EPS, DPS, BVPS and P/E ratio stock price of commercial banks in Nepal over the period 2011/12- 2020/21. To analyze the data, mean, standard deviation, maximum, minimum, correlation coefficients and regression analysis has been used. The findings revealed that earning per share, dividend per share, book value per share and price earnings ratio have the significant positive association with market price per share. Multiple regression analysis shows that there is significant positive relationship between MPS and EPS, P/E ratio with beta coefficient. On the other hand there is insignificant positive relationship between MPS and DPS, BVPS with beta coefficient. This indicated that EPS and P/E ratio have significant positive relation with MPS but DPS and BVPS have insignificant positive with MPS.

In addition, Goet & Kharel (2022) too investigated the impact of variables such as Dividends Per Share (DPS), Earnings Per Share (EPS), Price- Earnings Ratio (PER), and Net Worth Per Share on the Market Price Per Share of Nepalese commercial banks. The panel data (40 observations) of four commercial banks have been used to assess the association and impact of determinants of stock price behavior. In this study, secondary

panel data covering ten years (2011/2012-2020/2021) has been used. The study found that earning per share significantly influences dividend per share and price-earnings ratio, while not significantly affecting market price per share, earning per share, and net worth per share of commercial banks. These variables are considered the most significant determinants of Nepalese commercial banks' share prices. Therefore, this new evidence is valuable for equity investors and fund managers, as it helps estimate stock returns and predict share prices, highlighting the importance of these factors in the Nepalese market.

Kattel and Pradhan (2023) examined the effect of firm specific factors affecting stock price of Nepalese insurance companies. The study is based on secondary data of 20 insurance companies with 140 observations for the study period from 2014/15 to 2020/21. The regression models are estimated to test the significance and effect of firm specific factors on the stock price of Nepalese insurance companies. The study reveals that return on assets negatively impacts market share price, while earnings per share, price earnings ratio, company size, return on equity, dividend per share, and premium growth positively impact market share price. Company size and dividend per share negatively impact stock return. However, earnings per share, price earnings ratio, return on assets, return on equity, and premium growth positively impact stock return. The study also found that dividend per share, followed by earnings per share, is the most influencing factor explaining changes in market share price of Nepalese insurance companies.

Further, Manandhar (2023) also conducted a study to examine how factors like EPS, DPS, and PE Ratio affect stock price. For this, mean, median, mode, standard deviation, variation, correlation and regression have been used to evaluate the result. In this study, data from 10 commercial banks have been collected from the fiscal year 2011/12 to 2020/21. The study has concluded that DPS, EPS and PE ratio have positive as well as significant relationship with MPS. It implies that higher the dividend per share, earnings per share and price earnings ratio, higher would be the market price per share. From the test results of linear regression, it can be seen that the overall model is fit. It shows positive and significant impact of dividend per share, earnings per share and price earnings ratio on market price per share.

Maskey (2023) aimed to investigate the factors that affect the market share prices of life insurance companies listed in Nepal Stock Exchange (NEPSE). All the life insurance

companies listed in Nepal Stock Exchange with panel data for the period 2012/13-2017/18 was taken as a sample for the study. The data was analyzed through descriptive and inferential statistics, while the hypothesis was tested using the regression coefficients based on the results of the multiple regression model in this study. The research findings indicate that the primary factors influencing share price are earning per share, dividend per share, price-earnings ratio, firm age, and dividend yield. The study finds that when Nepalese investors make investments, dividends are a significant factor. It was also shown that a significant factor influencing investor decisions in Nepal is the firms' dividend policies.

The summary of the major relevant literature has been presented in Table 1.

Table 1

Review of empirical studies

S.N.	Author(s)	Variables	Methodology	Major findings
1	Al Shubiri (2010)	Dependent: MPS Independent: NAVPS, DIV, EPS, INT, INF, GDP	Simple and multiple regression analysis	Found that there is positive significant relation among MPS and NAVPS, DIV, GDP and negative significant relation on inflation and lending interest rate but not always significant on at years 2005, 2006 and at all years of ASE in Jordan.
2	Menaje (2012)	Dependent: Share price Independent: EPS, ROA	Correlation, Multiple regression	Disclosed that there is positive correlation of EPS with share price & negative correlation of ROA with share price.
3	Nazir, Rakha & Nawaz (2012)	Dependent: Market Capitalization Independent: DY, Payout ratio Control: Size, EPS, Growth, LVRG, GDP, Interest	Descriptive analysis, Correlation, simple regression model, fixed effect model and random effect model on pooled and panel data	Found that under fixed effect model, EPS, GDP and I have significant relation with MC where DY has negative relation with MC. Showed that corporate payout policy has strong relationship with market capitalization
4	Tandon & Malhotra (2013)	Dependent: MPS Independent: BV, EPS, DPS, DC, DY, P/E ratio	Mean, Standard deviation, Correlation & linear regression model	Revealed that BV, EPS and P/E ratio are having a significant positive association with firm's stock price while DY is having a significant inverse association with the market price.
5	Almumani (2014)	Dependent: MP Independent: DPS, EPS, BV, PE, S	Ratio analysis, correlation and linear multiple regression model	Found that there is significant positive correlation between dependent variables: DPS, EPS, BV, PE, S and independent variable: MP.

6	Menike & Prabath (2014)	Dependent: Stock price Independent: DPS, EPS, BVPS	Single and multiple regressions model	Revealed that using a single and multiple regressions model the results reveals that EPS, DPS, BVPS were positive and had a significant impact on stock price in the CSE.
7	Arshad, Arshaad, Yousaf & Jamil (2015)	Dependent: Share Price Independent: GDP, IR, LEV, EPS, DPS, B/M ratio, P/E ratio	Mean, Standard deviation, Linear multiple regression model	Revealed that EPS significantly impacts SP while P/E, LEV, GDP, DPS, IR, and B/M have positive but non-significant impacts, while DPS has a non-significant relationship.
8	Al Qaisi, Tahtamouni & Al Qudah (2016)	Dependent: MSP Independent: ROA, ROE, Debt ratio, Age, Size	Simple and multiple linear regression test	Showed that there exists positive correlation between dependent and independent variables under simple regression test.
9	Pradhan & Dahal (2016)	Dependent: MPS Independent: EPS, DPS, P/E ratio, BVPS, ROA, Size, GDP, INF, MS	Mean, Standard deviation, Minimum and maximum values Correlation, Regression analysis	Showed that higher the EPS, DPS, P/E ratio, BVPS, ROA, size, GDP, INF and MS, higher would be the market price per share of the company.
10	Sapkota (2016)	Dependent: MPS SR, ER Independent: EPS, P/E, LEV, DPS, ROA, GDP, INF, IR	Mean, Standard deviation, Correlation, Regression analysis	Showed that there is positive relationship of MPS with EPS, DPS, P/E ratio, ROA & GDP. The result also showed that there is negative relationship of MPS with LEV, INF and IR.
11	Aveh & Vitor (2017)	Dependent: MPS Independent: EPS, DS, DY, BVS, ROE, LEV, Size	Mean, Standard deviation, Correlation, Pool OLS regression	Revealed that there exists significant positive relation between ROE, EPS, BVPS, size & MPS on Ghana Stock Exchange. However, a significant negative relationship was found MPS & DY.
12	Gautam (2017)	Dependent: SR, SPV Independent: DPR, DY, GA, MC, LEV, BTM, EPR	Mean, Standard deviation, Minimum and maximum values Correlation, Regression analysis	Showed that MC, LEV, DPR & DY are positively related with stock return. However, BTM, GA and EPR are negatively related with stock return.
13	Ibrahim & Bala (2017)	Dependent: Stock market return Independent: Market capitalization, Debt-to-equity, EPS	Mean, Standard deviation, Correlation matrix, OLS Regression	Revealed that DE and EPS have significant positive impact on stock market returns where market capitalization has significant negative impact of listed food and beverages firms in Nigeria
14	Bhattarai (2018)	Dependent: MPS Independent: ROA, ROE, EPS, DPS, DPR, P/E, size, Money supply, Exchange rate, IR, GDPR	Mean, Standard deviation, Correlation analysis, regression analysis	Showed that EPS, DPS, P/E, size, GDP, ER are positively significant with MPS where ROE, ROA, MS and IR negatively significant with MPS.
15	Milošević (2018)	Dependent: MPS	Mean, Regression analysis, Cluster analysis	Found that based on empirical analysis, variables such as size BVPS, ROA and

		Independent: Size, ROE, ROA, EPS, P/E ratio, BV, LEV, TR		TR have positive impact on price of stocks in the Financial and Insurance Activities Sector.
16	Nepal (2018)	Dependent: MPS, SR Independent: EPS, Size, DPS, INF, GDP, IR	Mean, Standard deviation, Correlation analysis, Regression analysis	Showed that there is positive correlation between MPS with firm size, EPS, ROA, DPS, GDP, and INF while negatively correlated to IR. Similarly, SR is positively related to firm size, EPS, DPS, GDP while negatively related to ROA, INF, IR.
17	Shakya (2018)	Dependent: MPS Independent: ROA, ROE, DPS, EPS, BVPS, Debt ratio, P/E	Mean, Standard deviation, Regression and Correlation analysis	Discovered that ROA, ROE, Debt, EPS, DPS, P/E have a positive correlation with MPS whereas BVPS has negative correlation with MPS
18	Gautam & Bista (2019)	Dependent: MPS, P/E ratio Independent: DPS, EPS, SZ, ROA, INF	Mean, Standard deviation, Correlation analysis, Regression analysis	Showed that firm size is positively related to MPS & P/E. Similarly, INF, DPS, ROA& EPS have negative impact on MPS of Nepalese non-life insurance companies.
19	Silwal & Napit (2019)	Dependent: MPPS Independent: BVPS, P/E ratio, ROE, DY and SIZE	Mean, Standard deviation, Minimum and maximum values Correlation, Regression analysis	DY has minimal stock price influence, while size has a negative relationship and is insignificant. Further, it's also shown that BVPS is the most influential factor to determine MPPS.
20	Khatiwada (2020)	Dependent: MPS Independent: EPS, DPS, DPR, P/E Ratio, DY	Mean, Standard deviation, Correlation, Probable error & Regression analysis	Revealed that EPS and P/E ratios have the significant positive association with share price while DY showed the significant inverse association with share price.
21	Pudasaini (2020)	Dependent: MPS Independent: EPS, DY, DPS, P/E, Size	Mean, Standard deviation, Coefficient of variation, Correlation & Regression analysis, Coefficient of determination	Discovered inconsistent performance in the relationship between MPS, EPS, DY & DPS, Size, and P/E for sampled firms, with some showing significant positive correlation coefficients and others showing negative correlations.
22	Adhikari (2021)	Dependent: MPS Independent: DPS, DPR, P/E, DY	Mean, Standard deviation, Correlation Analysis, Regression analysis	Found that DPS, P/E are significant determinants of stock price which affects the stock price in direct manner. Likewise, EPS and DY also have significant positive impact on stock price.
23	Katuwal (2021)	Dependent: MPS Independent: ROA, BVPS, EPS, P/E ratio, Size	Mean, Standard deviation, Coefficient of variation, Correlation & Regression analysis	Revealed that BVPS, EPS and P/E ratio have significant positive association with MPS while ROA and size have no explanatory power toward stock price movement.
24	Ramij & Das (2021)	Dependent: MSP Independent: ROA, BVPS, EPS, P/E ratio, size	Mean, Standard deviation, Correlation analysis, Pooled OLS	Found that under pooled OLS regression, ROA, BVPS, EPS, and PE have positively affected MSP & under

			regression, fixed- effect and random-effect model	fixed-effect model, ROA and PE have positive impact on MSP, where SZ has negative effect on MSP.
25	Bhurtel (2022)	Dependent: MPS Independent: DPS, EPS, P/E ratio, BVPS	Mean, Standard deviation, Correlation Analysis, Multiple Regression Analysis	Demonstrated that EPS and P/E ratio have significant positive relation with MPS but DPS and BVPS have insignificant positive relation with MPS.
26	Goet & Kharel (2022)	Dependent: MPS Independent: DPS, EPS, P/E ratio, NWPS	Correlation analysis, Regression analysis	Revealed that EPS has a significant positive association with DPS & PER but an insignificant positive association with MPS, EPS and NWPS of commercial banks.
27	Kattel & Pradhan (2023)	Dependent: MPS, Stock return Independent: EPS, P/E ratio, size, ROA, ROE, DPS, PG	Mean, Standard deviation, Correlation analysis, Regression analysis	Found that ROA has negative impact on MPS however, EPS, P/E ratio, size, ROE, DP & PG have positive one. Likewise, size & DPS have negative effect on stock return where EPS, P/E, ROA, ROE, PG have positive one.
28	Manandhar (2023)	Dependent: MPS Independent: DPS, EPS, P/E	Mean, Median, Mode, Standard deviation, Correlation, Regression	Revealed that MPS is positively correlated with DPS, EPS and PE ratio. However, it is also stated that EPS and P/E ratios are insignificant so they cannot predict stock price of market.
29	Maskey (2023)	Dependent: MPS Independent: EPS, DPS, P/E ratio, BVPS, Age, DY, RR	Correlation analysis, Regression analysis	Showed that under regression analysis EPS, DPS, P/E, age has significant positive relationship with MPS but DY has significant negative relationship. Other variables – BVPS and RR were found to be insignificant.

2.2 Research Gap

The primary goal of this research is to gather further insights, information, and recommendations about the impact of firm-specific factors on stock price of non-life insurance companies. The foundation for the current study is provided by the earlier research, which cannot be disregarded. In order to bridge the research gap between the previous studies and the current ones, research continuity is very crucial. This study has been conducted to examine the various firm specific factors which significantly cause stock price to fluctuate over a period of time in the secondary market of Nepal. The aforementioned investigations were conducted by many researchers, and their limitations are also clearly mentioned.

During the review of previous studies, it was found that few researches has been conducted by taking the sample of non-life insurance companies having highest stock prices in the stock market. Furthermore, many research studies have been conducted regarding the signaling components affecting the stock price behaviour in the banking industry, but not nearly as much has been done in the insurance sector. The majority of the studies mentioned above utilize technical and statistical approaches like regression analysis, correlation coefficient, etc. for their analysis. However, only few studies make use of fundamental analysis tools. Additionally, there is a scarcity of studies that specifically target financial indicators such as EPS, DPS, PE and BVPS, which play a significant role in determining the market price per share (MPS). Consequently, this study seeks to examine the interconnection among these factors and their influence on the stock's market price.

In context of Nepal, the stock market is always fluctuating. Therefore, it is important to update and confirm earlier research on relevant field of stock prices. In the same vein, this study is an attempt.

CHAPTER III

RESEARCH METHODOLOGY

Research Methodology refers to the systematic and scientific approach used to conduct research, investigate problems, and gather data and information for a specific purpose. It involves the techniques and procedures used to identify, collect, analyze, and interpret data to answer research questions or solve research problems. Moreover, they are philosophical and theoretical frameworks that guide the research process. In this chapter, an attempt has been made to demonstrate and describe this specific research design in order to meet the stated research objectives of the study. This chapter has been divided into five sections. First section deals with brief description of research design where second section deals with population and sample, and sampling design. Similarly, third section deals with nature and sources of data, and the instrument of data collection while fourth section deals with methods of analysis. And finally, fifth section deals with research framework and definition of variables.

3.1 Research Design

Research design outlines the methods and procedures that will be used to collect and analyze data, as well as the goals and objectives of the study. It is important as it guides the entire research process and ensures that the study is conducted in a systematic and rigorous manner. In this study, descriptive and casual comparative research design are used to address the various problems raised. Descriptive research design is a type of research methodology that aims to describe or document the characteristics, behaviors, attitudes, opinions, or perceptions of a group or population being studied. In short, descriptive research design is used to find out the fundamental facts regarding the study. This study has used descriptive research design to address the fact-finding and adequate information search related to the corporate payout policy of Nepalese insurance companies.

Causal comparative research is a type of research method where the researcher tries to find out if there is a causal effect relationship between dependent and independent variables. In other words, the researcher using this method wants to know whether one thing changing affects another thing, and if so, why. This study has used casual comparative research design to investigate the link between the independent and dependent variables.

3.2 Population and Sample, and Sampling Design

Population refers to all elements or units that meet selection criteria for a group to be studied, from which a representative sample is taken for detailed analysis. There are 34 insurance companies in Nepal as of Shrawan end 2080 which is a population. It is impossible to study the entire population therefore a particular sample has been chosen in this study. Out of the entire population of 34 insurance companies in Nepal, 5 non-life insurance companies are chosen as a sample. While choosing a sample, top five non-life insurance companies (unmerged) in terms of stock prices in stock market in fiscal year 2022/23 which have also traded shares openly. To conduct the study, 10-year data has been used from fiscal year 2013/14 to 2022/23 from the published annual reports resulting overall 50 observations.

As both the population and sample size is large, non-probability sampling has been used while selecting the sample for the study purpose. Non-probability sampling is a type of sampling method in which the probability of an individual or a group being selected from the population is not known. Using convenience and purposive sampling methods, 50 observations of secondary data has been obtained from 5 insurance companies of 10 years.

Table 2

List of sample insurance companies selected for study with study period and observation

S.No.	Name of insurance companies	Study period	Observation
1	Neco Insurance Ltd.	2013/14-2022/23	10
2	Shikhar Insurance Co. Ltd.	2013/14-2022/23	10
3	NLG Insurance Company Ltd.	2013/14-2022/23	10
4	Nepal Insurance Co. Ltd.	2013/14-2022/23	10
5	Prabhu Insurance Ltd.	2013/14-2022/23	10
Total number of observations			50

3.3 Nature and Sources of Data, and the Instrument of Data Collection

This study is based on secondary data only to meet its stated objectives and answer research questions. The data required for this study has been collected from the relevant sources like: Bulletin published by Nepal Insurance Authority and Annual Reports of respective 5

insurance companies of selected fiscal year from 2013/14 to 2022/23. So, the total number of observation is 50.

3.4 Methods of Analysis

This section addresses with statistical tools used for the analysis of secondary data which are used in this study as the main aim of this study is to investigate how well firm-specific factors may predict the influence of stock price of 5 non- life insurance companies in Nepal. To analyze the data in this study, descriptive statistics (mean, minimum value, maximum value and standard deviation), correlation analysis and regression analysis are used.

In this study, numerical and secondary data has been used for which quantitative research approach is suitable. Therefore, quantitative research approach has been used for analyzing the findings. This study used descriptive and inferential statistics to analyze the validity of hypotheses about insurance companies. It presents a comprehensive set of descriptive statistics and uses regressions to demonstrate the support or lack of these hypotheses, focusing on the relationships between market price per share and firm-specific factors.

3.4.1 Descriptive statistics

Descriptive statistics is a means of describing features of a data set by generating summaries about data samples. It's often depicted as a summary of data shown that explains the contents of data. Under descriptive statistics, following presented measures have been studied in this study:

Mean

Mean is one of the measures of central tendency which is the average of the given data set of values. It denotes the equal distribution of values for a given data set. The symbol of mean is usually given by the symbol '$\bar{X}$'. Mean is calculated by dividing the sum of all the given observations by the total number of observations. The formula for mean is as follows:

$$\bar{X} = \frac{\sum X}{N}$$

Where, X = Value of responses of each dependent or independent variables

N = Number of statements

Minimum value

The minimum value is a unique data value that is less than or equal to all other values in a set. It is the first number in a list and can be repeated, but it is a unique number and cannot have two minima as one must be less than the other.

Maximum value

A maximum value is a unique data value that is greater than or equal to all other values in a set of data. It is the last number listed in ascending order and can be repeated, but there is only one maximum for a data set as one would be greater than the other.

Standard deviation

Standard Deviation (SD, also represented by the Greek letter sigma σ or the Latin letters) is a measure that indicates the degree of variation from the mean, such as spread or dispersion. It is a popular tool for assessing variability as it returns to the original units of the data set. Standard Deviation calculates the extent to which values differ from the average and is independent of origin but not scale. It is useful in advanced statistical problems and is the positive square root of the average sum of squares of deviations from the arithmetic mean of the distribution. The formula for standard deviation is as follows:

$$\sigma = \sqrt{\frac{(X-\bar{X})^2}{N-1}}$$

Where, X = Value of responses of each dependent or independent variables

$\bar{X}$ = Mean of responses of each dependent or independent variables

N = Number of responses

3.4.2 Correlation analysis

Correlation is a process that establishes the relationship between two variables, determining the degree of linear relationship between them. It is defined as the change in one variable appearing to be related to the change in the other variable's value. The correlation coefficient, represented by the symbol r, ranges from -1 to +1. A coefficient close to 0 indicates little or no relationship between the two variables, while a coefficient close to

plus 1 indicates a positive relationship, and a coefficient close to -1 indicates a negative relationship. It does not provide cause and effect relationships. Correlation shows the relation between two variables. Correlation coefficient shows the measure of correlation. To compare two datasets, we use the correlation formulas. The most common formula is the Pearson Correlation coefficient used for linear dependency between the data sets. The formula for correlation analysis is as follows:

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x - (\sum x)^2}\sqrt{n\sum y - (\sum y)^2}}$$

Where, n = Number of responses

x = Value of independent variable

y = Value of dependent variable

3.4.3 Regression analysis

Regression analysis is a statistical method used to evaluate the relationship between an outcome variable and one or more variables. It involves estimating a correlation coefficient, which is a measure of the strength and direction of the linear association between two variables. The coefficient can be positive or negative, with a higher level of one variable indicating a higher level of another. The sign of the coefficient indicates the direction of the association, while the magnitude indicates the strength of the association. The dependent variable is represented by "y" and the independent variable by "x". The general form of regression equation is given by:

$$\hat{Y} = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where, a = constant

b_1 = Coefficient of first independent variable

X_1 = Value of first independent variable

b_2 = Coefficient of second independent variable

X_2 = Value of second independent variable

b_3 = Coefficient of third independent variable

X_3 = Value of third independent variable

e = Standard error

Research Model

The model used in this study makes the assumption that a variety of firm-specific factors influence the stock price of insurance firms. The market price of share has been chosen as a dependent variable. The independent variables that have been chosen are earnings per share, dividend per share, price earnings ratio and book value per share. As a result, this model has been segmented into following model:

Market price per share = f (EPS, DPS, P/E, BVPS)

Specifically,

$$MPS = a + \beta_1(EPS) + \beta_2(DPS) + \beta_3(P/E) + \beta_4(BVPS) + e \ldots\ldots\ldots\ldots\ldots (1)$$

Where,

MPS = Closing market price per share of the year

a = Constant term

EPS = Earnings per share as measured by the ratio of share price to price earnings

DPS = Dividend per share as measured by the ratio of total dividend distributed to number of outstanding shares

P/E = Price earnings ratio as measured by the ratio of share price to earnings per share

BVPS = Book value per share as measured by the ratio of common equity value to number of outstanding shares

e = Error terms

β_1 to β_4 = Coefficient of regression for respective variables

3.5 Research Framework and Definition of Variables

A research framework is a theoretical structure that aids in understanding a specific phenomenon or problem, providing a precise representation of a research project plan that guides the entire research process. Robust conceptual frameworks offer a lucid and comprehensible means of illustrating actual events. Market price per share are taken as dependent variable whereas earnings per share, dividend per share, price earnings ratio and book value per share are taken as independent variables.

The conceptual framework that presents the dependent and independent variables which are employed in the study are shown in Figure 1:

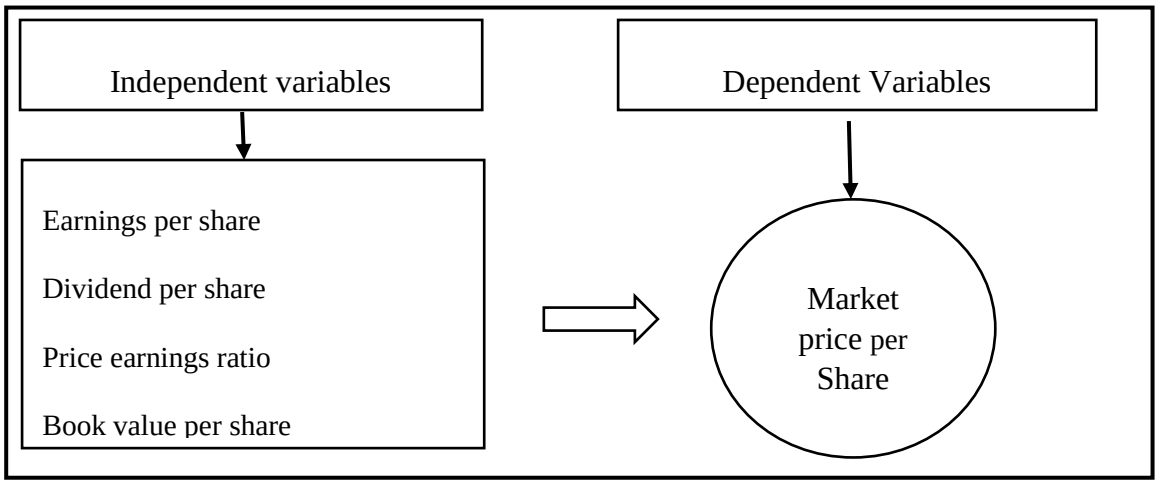

Figure 1 Research framework of the study

In the above diagram, the relationship between dependent variable and independent variables has been depicted. Market price per share has been taken as dependent variable in this research. The dependent variable is analyzed to address the solutions to the problems i.e. what could be the factors that affect the market stock prices of Nepalese Insurance Companies? For the sake of this problem, the four independent variables i.e. earnings per share, dividend per share, price earnings ratio and book value per share on the dependent variable are tested in this study to know its positive and negative influence towards the market price per share of the sample insurance companies.

The description to the dependent and independent variables which are used in this study along with hypothesis are as follows:

Market price per share (MPS)

Market price per share simply refers to the most recent price of a single share in a publicly traded stock. This is not a fixed price; it fluctuates throughout the trading day as various market forces push the price in different directions. It is the amount in which a share of the stock is traded in the market which is calculated by total market capitalization to the number of shares outstanding. The empirical study proved that share price is greatly affected by the earnings of the firm (Menaje, 2012). The fluctuating market prices make it challenging to determine the appropriate market price as a dependent variable measure. On the other hand, Al Qudah and Yusuf (2015), demonstrated that higher payout ratios would mean low volatility of the stock price conveying a negative impact of the two components of the dividend policy that is DP and DY on the share price volatility.

Earnings per share (EPS)

Earnings per share serve as an indicator of a company's profitability. It facilitates the comparison of the company's historical and current EPS with those of its competitors. It is computed by dividing the total amount of earnings that holders of common shares are entitled to by the total number of outstanding common shares. Sapkota (2016) and Bhurtel (2022) found that earning per share has positive relationship with market price per share. Higher the earning per share, higher will be the market price per share. Based on it, the study develops following hypothesis:

H_1: There is a positive relationship between earnings per share and market price per share.

Dividend per share (DPS)

Dividend per Share (DPS) indicates the company's financial stability. Only businesses with sound finances are able to pay dividends. It keeps goodwill alive and draws investors to purchase stock. It is computed by dividing net earnings distributed to common shareholders (after preference dividend payment) by the total number of common shares. Al Shubiri (2010) revealed significant positive relation of market price of stock and dividend. Based on it, the study develops following hypothesis:

H_2: There is a positive relationship between dividend per share and market price per share.

Price earnings ratio (P/E ratio)

The price-earnings ratio (P/E ratio) is the ratio used to value a firm that compares the current share price to earnings per share (EPS). This ratio measures the profitability of the firm. Higher ratio shows the higher efficiency of the management and lower ratio shows the lower efficiency of the management. It is computed by dividing MPS to EPS. Tandon and Malhotra (2013) found that BV, EPS and P/E ratio are having significant positive association with firm's stock price. Based on it, the study develops following hypothesis:

H_3: There is a positive relationship between price earnings ratio and market price per share.

Book value per share (BVPS)

Book value per share (BVPS) is the ratio of equity available to common shareholders divided by the number of outstanding shares. This figure represents the minimum value of a company's equity and measures the book value of a firm on a per-share basis. It is calculated by dividing total book value by total shares outstanding. Menike and Prabath (2014) indicated that book value per share is also one of the important internal factors that affects the determination of share price directly. Based on it, the study develops following hypothesis:

H_4: There is a positive relationship between book value per share and market price per share.

CHAPTER IV

RESULTS AND DISCUSSION

This chapter addresses the structured presentation, interpretation and analysis of the data in accordance with the research methodology outlined in the third chapter. Simply, data analysis can be defined as an act of systematically examining and interpreting the collected data to derive meaningful insights, identify patterns, trends, relationships and draw conclusions relevant to the research objectives. It encompasses various methods, techniques, and tools to process, organize, and analyze data, aiming to answer all the research questions supporting informed decision-making in a particular field of study. This chapter constitutes the core of this study. Thus, this chapter systematically presents and examines the secondary data in order to explore the impacts of firm-specific factors on the stock price in non- life insurance companies of Nepal.

4.1 Analysis of Data

In this study, the secondary data has been methodically collected and examined in order to provide the empirical findings. The data gathered from the secondary sources, such as the Nepal Insurance Authority's Quarterly Economic Bulletin and the annual reports of selected insurance companies is empirically investigation in this section. Sample has been chosen from five unmerged non-life insurance companies with openly listed shares, and also having competitive stock prices in Nepal stock exchange in fiscal year 2022/23. The data was collected from 5 insurance companies of 10 years from the fiscal year 2013/14 to 2022/23. Therefore, the total number of observations contains 50 observations from 5 insurance companies. To make the descriptive analysis of the study easier, the collected data have been organized, tabulated and analyzed. The data were analyzed using regression analysis and correlation analysis. The secondary data was calculated using SPSS software. Excel was used to further alter the SPSS program outputs, which were then tabulated.

Based on their publicly traded shares and closing stock prices, five non-life insurance businesses in Nepal were selected for this study. Using publicly traded shares and stock prices, it sought to include certain competing insurance companies. This study tried to investigate about non-life insurance companies in order to focus on the figures related to the significant factors that affect the market price of the shares. Therefore, the following profile has been developed for this study:

Table 3

Profile of sample insurance companies

Name of insurance companies	Closing price (Rs)	Listed no. of shares
Neco Insurance Ltd.	904.9	20,123,607 units
Shikhar Insurance Co. Ltd.	865	26,518,542 units
NLG Insurance Company Ltd.	864	15,395,361 units
Nepal Insurance Co. Ltd.	842	16,382,471 units
Prabhu Insurance Ltd.	776.9	14,414,881 units

Source: https://www.sharesansar.com/

4.1.1 Structure and trend of market price per share

The structure and trend of variables in selected insurance companies in each year are examined and analyzed in this study, concentrating on five variables: MPS being independent variable while EPS, DPS, BVPS and PE ratio being dependent variables. The structure and trend of the market price per share of selected insurance companies during the research period from 2013/14 to 2022/23 is shown in Table 4.

Table 4

Structure and trend of market price per share of selected insurance companies

Ins. co /Yr	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Mean	S.D.
NIL	770	462	1990	981	981	489	607	1348	694	891	921.3	459.88
SICL	940	690	3249	1941	985	771	1019	1952	807	845	1319.9	819.24
NLG	863	559	1970	1485	930	930	657	1220	478	840	993.2	454.95
NICL	250	389	1235	1430	658	354	504	1,022	445.9	820	710.79	402.73
PRIN	583	350	1470	1,000	535	364	493	960	428	747	693	356.74
Mean	681.2	490	1982.8	1367.4	817.8	581.6	656	1300.4	570.58	828.6	938.64	-
S.D.	275.45	137.25	778.72	397.19	207.78	257.38	214.38	395.82	169.98	52.50	-	-

The Table 4 presents the mean and standard deviation of the market price per share (MPS) for insurance companies over ten fiscal years. The overall mean MPS for the sample is

938.64. For NIL, the MPS ranged from a low of 462 in 2014/15 to a high of 1990 in 2015/16, with a mean of 921.3 and a standard deviation of 459.88, indicating moderate variability. SICL's MPS varied significantly, peaking at 3249 in 2015/16 and reaching a low of 690 in 2014/15. The mean MPS is 1319.9, with a high standard deviation of 819.24, suggesting considerable price variability. NLG's MPS fluctuated between 478 in 2021/22 and 1970 in 2015/16, with an average MPS of 993.2 and a standard deviation of 454.95, indicating moderate variability. NICL's MPS ranged from 250 in 2013/14 to 1430 in 2016/17, with a mean of 710.79 and a standard deviation of 402.73, showing moderate variability. PRIN's MPS ranged from 350 in 2014/15 to 1470 in 2015/16, with a mean of 693 and a standard deviation of 356.74, indicating relatively lower variability compared to the other companies.

In contrary, it can be observed that there are significant fluctuations in the market price per share of the five insurance companies over the ten-year period. SICL exhibited the highest variability, while PRIN had relatively stable prices. The overall trend indicates a peak in MPS during 2015/16, followed by varying levels in subsequent years. Therefore, this variability reflects the insurance market in Nepal is dynamic in nature during this period.

4.1.2 Structure and trend of earnings per share

The structure and trend of the earnings per share of selected insurance companies during the research period from 2013/14 to 2022/23 is shown in Table 5.

Table 5

Structure and trend of earnings per share of selected insurance companies

Ins. co/Yr	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Mean	S.D.
NIL	27.14	32.72	37.52	29.25	25.71	30	32	29	31	35	30.93	3.55
SICL	44.04	61.4	60.13	44.03	37.76	38	39	18	14.47	8.52	36.54	17.99
NLG	58.19	47.86	61.09	36.07	38.7	31.61	25.78	14.66	15.97	14.26	34.42	17.31
NICL	10.86	-7.41	19.43	40.03	21.44	18.26	23.01	19.18	24.05	24.96	19.38	11.96
PRIN	32	33	45	29	35	24	24	19	14	16.35	27.14	9.53
Mean	34.45	33.51	44.63	35.68	31.72	28.37	28.76	19.97	19.90	19.82	29.68	-
S.D.	17.83	25.78	17.30	6.61	7.71	7.54	6.71	5.37	7.42	10.34	-	-

Table 5 presents mean and standard deviation of EPS for insurance companies over ten fiscal years. The overall mean EPS for the sample is 29.68. For NIL, EPS values range from low of 25.71 in 2017/18 to high of 37.52 in 2015/16, with mean of 30.93 and standard deviation of 3.55, indicating low variability. SICL's EPS value vary significantly, with high of 61.4 in 2014/15 and a low of 8.52 in 2022/23. The mean EPS is 36.54, with a standard deviation of 17.99, indicating significant variability. NLG's EPS ranges from a high of 61.09 in 2015/16 to low of 14.26 in 2022/23, with mean of 34.42 and a standard deviation of 17.31, showing moderate variability. NICL's EPS fluctuates widely, from -7.41 in 2014/15 to 40.03 in 2016/17, with mean of 19.38 and standard deviation of 11.96, indicating considerable variability. PRIN's EPS ranges from 14 in 2021/22 to 45 in 2015/16, with mean of 27.14 and standard deviation of 9.53, showing moderate variability.

In summary, Table 4 shows significant fluctuations in the EPS of the five insurance companies over the ten-year period. SICL exhibits the highest variability, while NIL has the most stable EPS. The overall trend indicates that EPS values peaked in 2015/16 and generally decreased in the following years. This variability reflects the dynamic performance and earnings capability of the insurance market in Nepal during this period.

4.1.3 Structure and trend of dividend per share

The structure and trend of the dividend per share of selected insurance companies during the research period from 2013/14 to 2022/23 is shown in Table 6.

Table 6

Structure and trend of dividend per share of selected insurance companies

Ins. co/Yr	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Mean	S.D.
NIL	24.74	15.79	21.05	10.53	12.63	9	16	16	16	-	15.75	4.89
SICL	20	26.32	63.158	30.526	-	-	38	-	16	-	32.33	16.97
NLG	21	21	26.32	26.32	-	7.37	10.53	10.53	10.53	5.79	15.49	8.13
NICL	9.47	-	5.26	4.52	7.5	7.89	10	11.58	8.42	10.53	8.35	2.35
PRIN	12	12	17	19	-	16.32	10.53	11.58	7.05	5	12.28	4.58
Mean	17.44	18.78	26.56	18.18	10.07	10.15	17.01	12.42	11.60	7.11	14.93	-
S.D.	6.43	6.24	21.88	10.78	3.63	4.17	11.99	2.44	4.20	2.99	-	-

The Table 6 displays the mean and standard deviation of the dividend per share (DPS) for insurance companies over ten fiscal years. The overall mean DPS for the sample is 14.93. For NIL, the DPS ranges from 9 in 2018/19 to 24.74 in 2013/14, with a mean of 15.75 and a standard deviation of 4.89, indicating moderate variability. SICL's DPS varies significantly, peaking at 63.158 in 2015/16, having no DPS in 2017/18, 2018/19, and 2022/23. Its mean DPS is 32.33, with a high standard deviation of 16.97, suggesting considerable variability. NLG's DPS ranges from a low of 5.79 in 2022/23 to a high of 26.32 in 2015/16 and 2016/17, with a mean of 15.49 and a standard deviation of 8.13, indicating moderate variability. NICL's DPS fluctuates between 4.52 in 2016/17 and 11.58 in 2020/21, with a mean of 8.35 and a standard deviation of 2.35, showing relatively low variability. PRIN's DPS ranges from 5 in 2022/23 to 19 in 2016/17, with 0 DPS in 2017/18. Its mean DPS is 12.28, with a standard deviation of 4.58, indicating moderate variability.

In summary, the table shows significant fluctuations in DPS among the five insurance companies over the ten-year period. SICL exhibited the highest variability, while NICL had the most stable DPS. The overall trend indicates that DPS values peaked in 2015/16 and generally decreased in subsequent years.

4.1.4 Structure and trend of price earnings ratio

The structure and trend of the price earnings ratio of selected insurance companies during the research period from 2013/14 to 2022/23 is shown in Table 7.

Table 7

Structure and trend of price earnings ratio of selected insurance companies

Ins. co/Yr	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Mean	S.D.
NIL	28.37	14.12	53.04	33.54	38.15	16	17	47	22	25	29.42	13.35
SICL	21.35	11.24	54.03	44.09	26.08	20	26	110	56	99	46.78	33.92
NLG	15	12	35.18	41.17	24.03	29	25	83	30	59	35.34	21.41
NICL	23.02	-52.5	63.56	35.72	30.69	19.38	21.91	53.29	18.54	32.85	24.65	30.89
PRIN	18	11	32	35	15	15.2	20	50	30	45.68	27.19	13.52
Mean	21.15	-0.83	47.56	37.90	26.79	19.92	21.98	68.66	31.31	52.31	32.67	-
S.D.	5.08	28.91	13.45	4.51	8.54	5.49	3.67	27.24	14.69	29.13	-	-

Table 7 displays the mean and standard deviation of the price earnings ratio (PE) for insurance companies over ten fiscal years. The overall mean PE for the sample is 32.67. For NIL, the PE ranges from 14.12 in 2014/15 to 53.04 in 2015/16, with a mean of 29.42 and a standard deviation of 13.35. This variability in NIL's values indicates moderate fluctuations across the years. SICL's values show significant variation, from 11.24 in 2014/15 to 110 in 2020/21. Its mean PE is 46.78, with high standard deviation of 33.92. This exhibits considerable variability, with peaks and significant year-to-year changes. NLG's PE ranges from 12 in 2014/15 to 83 in 2020/21 with a mean of 35.34 and a standard deviation of 21.41. This shows moderate variability with noticeable increases and decreases over the period.

Similarly, NICL experiences a wide range of values from -52.5 in 2014/15 to 63.56 in 2015/16 with a mean of 24.65 and a standard deviation of 30.89. This displays high variability, including a significant negative value in 2014/15, indicating financial challenges. PRIN's values vary from 11 in 2014/15 to 45.68 in 2022/23. Its mean PE is 27.19, with a standard deviation of 13.52. This shows moderate fluctuations with a consistent upward trend in recent years.

The overall mean for the sample ranges from -0.83 in 2014/15 to 68.66 in 2020/21, with an overall mean of 32.67. The overall S.D. ranges from 3.67 in 2019/20 to 29.13 in 2022/23, indicating varying levels of volatility across the years.

The table highlights significant fluctuations in the financial metrics of the five insurance companies over the ten-year period. SICL exhibits the highest variability, whereas NICL shows relatively stable values. The overall trend shows that values peaked in 2015/16 and generally decreased in subsequent years, reflecting dynamic performance in the insurance market.

4.1.5 Structure and trend of book value per share

The structure and trend of the book value per share of selected insurance companies during the research period from 2013/14 to 2022/23 is shown in Table 8.

Table 8

Structure and trend of book value per share of selected insurance companies

Ins. co/Yr	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Mean	S.D.
NIL	255.02	176.35	189.82	172.37	166.68	186	194	202	208	219	196.92	26.10
SICL	196.51	223.23	279.14	216.75	205.42	256	314	219	205	184	229.91	40.76
NLG	228	239	256	249	237	262	229	258	211	205	237.40	19.49
NICL	174.42	145.78	163.9	202.76	170.82	168.07	178.95	180.76	181.43	194.05	176.09	15.83
PRIN	209	194	218	192	196	211	184	189	185	193.11	197.11	11.59
Mean	212.59	195.67	221.37	206.58	195.18	216.61	219.99	209.75	198.09	199.03	207.49	-
S.D.	30.68	37.09	47.03	28.72	28.55	41.64	56.07	30.60	13.80	13.42	-	-

Table 8 displays the mean and standard deviation of the book value per share (BVPS) for insurance companies over ten fiscal years. The overall mean BVPS for the sample is 207.49. For NIL, the BVPS ranges from 166.68 in 2017/18 to 219 in 2022/23, with a mean of 196.92 and a standard deviation of 26.10. This variability shows moderate fluctuations with a slight upward trend over the years. SICL's values show considerable variation, from 184 in 2022/23 to 314 in 2019/20. Its mean BVPS is 229.91, with standard deviation of 40.76. This exhibits significant variability, with peaks and troughs across the years. NLG's value ranges from 205 in 2022/23 to 262 in 2018/19 with a mean of 237.40 and a standard deviation of 19.49. This demonstrates relatively stable values with minimal fluctuations. NICL experiences a range of values from 145.78 in 2014/15 to 202.76 in 2016/17 with a mean of 176.09 and a standard deviation of 15.83. This displays moderate variability with fluctuations across the years. PRIN's values vary from 184 in 2019/20 to 218 in 2015/16. Its mean BVPS is 197.11, with a standard deviation of 11.59. This shows relatively stable values with slight fluctuations over the period.

The overall mean for the sample ranges from 195.18 in 2017/18 to 219.99 in 2019/20, with an overall mean of 207.49. The overall S.D. ranges from 13.42 in 2022/23 to 56.07 in 2019/20, indicating varying levels of volatility across the years.

The table illustrates fluctuations in the financial metrics of the five insurance companies over the ten-year period. NLG exhibits the highest variability, while NICL shows the least. Overall trend indicates fluctuations across the years with peaks and troughs in performance.

4.1.6 Descriptive statistics

The descriptive statistics of sample non-life insurance companies and throughout the research period from 2013/14 to 2022/23 is presented in Table 9.

Table 9

Descriptive statistics analysis of variables

Variables	Observation	Minimum	Maximum	Mean	Std. Deviation
MPS (Rs)	50	250	3249	927.64	553.55
EPS (Rs per share)	50	-7.41	61.40	29.68	14.04
DPS (Rs per share)	50	0.00	63.16	13.22	11.33
PE (Times)	50	-52.50	110	32.67	24.51
BVPS(Rs per share)	50	145.78	314	207.49	33.19

Source: SPSS Output

Table 9 displays the descriptive statistics for the dependent variable (Market Price per Share - MPS) and four independent variables (Earnings per Share - EPS, Dividends per Share - DPS, Price-Earnings Ratio – PE and Book Value per Share - BVPS) across 50 observations. The statistics include the minimum, maximum, mean, and standard deviation for each variable. For MPS, the values range significantly from 250 to 3249, with a mean of approximately 927.64 and a standard deviation of about 553.55, indicating substantial variability in market prices. For EPS, the values vary widely from -7.41 to 61.40, with an average of 29.68 and a standard deviation of 14.04, reflecting considerable variation in earnings among the companies. For DPS, the values range from 0 to 63.16, with a mean of 13.22 and a standard deviation of 11.33, indicating that dividend distributions vary notably across the observations. PE ratios show a broad range from -52.50 to 110, with a mean of 32.67 and a standard deviation of 24.51, suggesting high variability and the presence of extreme values in the data. For BVPS, the values range from 145.78 to 314, with a mean of approximately 207.49 and a standard deviation of 33.19, indicating moderate variability in book values across the companies.

This table provides a comprehensive overview of the descriptive statistics for key financial metrics. The wide ranges, means, and standard deviations of the variables highlight the

diversity in financial performance and valuation metrics among the 50 observations. MPS, as the dependent variable, shows considerable variability, influenced by the fluctuations in EPS, DPS, PE, and BVPS. The data indicate that while some companies have extreme values in their financial metrics, overall, there is substantial variability, reflecting the diverse financial health and market performance of the companies under study.

4.1.7 Correlation analysis

The Pearson co-efficient of correlation is used to assess the relationship between the dependent (market price per share) and independent variables (earnings per share, dividend per share, price earnings ratio and book value per share) of the sample insurance companies of the fiscal year 2013/14 to 2022/23 at 1% and 5% level of significance. The results of Pearson correlation analysis have been presented in Table 10.

Table 10

Bivariate correlation analysis between variables

Variables		MPS	EPS	DPS	PE	BVPS
MPS	Pearson Correlation	1				
	Sig. (2-tailed)					
EPS	Pearson Correlation	.458**	1			
	Sig. (2-tailed)	0.001				
DPS	Pearson Correlation	.559**	.582**	1		
	Sig. (2-tailed)	0.000	0.000			
PE	Pearson Correlation	.521**	-0.122	0.017	1	
	Sig. (2-tailed)	0.000	0.400	0.909		
BVPS	Pearson Correlation	.428**	.544**	.521**	0.151	1
	Sig. (2-tailed)	0.002	0.000	0.000	0.297	

Source: SPSS Output

***. Correlation is significant at the 0.01 level (2-tailed).*

The correlation analysis table provides insights into the relationships between the market price per share (MPS) and four key financial variables: earnings per share (EPS), dividends per share (DPS), price-earnings ratio (PE), and book value per share (BVPS). The table

includes Pearson correlation coefficients and their corresponding significance levels, indicating the strength and direction of the linear relationships between these variables. The Pearson correlation coefficient between MPS and EPS is 0.458, which is significant at the 0.01 level (2-tailed) with a p-value of 0.001. This indicates a moderate positive correlation, suggesting that as EPS increases, MPS also tends to increase. The Pearson correlation coefficient between MPS and DPS is 0.559, which is highly significant at the 0.01 level (2-tailed) with a p-value of 0.000. This shows a strong positive correlation, indicating that higher DPS is associated with higher MPS. The Pearson correlation coefficient between MPS and PE is 0.521, also significant at the 0.01 level (2-tailed) with a p-value of 0.000. This suggests a strong positive relationship, meaning that an increase in PE is generally associated with an increase in MPS. The Pearson correlation coefficient between MPS and BVPS is 0.428, significant at 0.01 level (2-tailed) with a p-value of 0.002. This indicates a moderate positive correlation, showing that the high BVPS tends to coincide with high MPS.

Overall, MPS has significant positive correlations with EPS, DPS, PE and BVPS indicating that these variables tend to move together. Specifically, increases in earnings, dividends, and book values are associated with increases in market prices. The analysis highlights several significant positive relationships among the financial variables, particularly between market prices and the other variables (earnings, dividends, price earnings and book values).

4.1.8 Regression analysis

Regression models have been used to determine the statistical significance and reliability of the results. Regression analysis is used in this research to evaluate how independent variables (EPS, DPS, PE and BVPS affect the dependent variable (MPS). The regression analysis has been presented in the form of model summary, analysis of variance and coefficients. More specifically, it presents the regression results of predicators on dependent variables of non-life insurance companies by using following regression equation:

$$MPS = a + \beta_1(EPS) + \beta_2(DPS) + \beta_3(P/E) + \beta_4(BVPS) + e$$

Table 11

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.798[a]	0.637	0.604	348.19116

Source: SPSS Output
a. Predictors: (Constant), EPS, DPS, PE, BVPS

Table 11 provides a summary of the regression model's performance in explaining the variability of the dependent variable (MPS) based on the independent variables (EPS, DPS, PE, and BVPS). The R value is 0.798. This coefficient measures the strength and direction of the linear relationship between the observed and predicted values of the dependent variable. An R value of 0.798 indicates a strong positive correlation, suggesting that the model's predictions are closely aligned with the actual data. The R Square value is 0.637. This statistic represents the proportion of the variance in the dependent variable (MPS) that can be explained by the independent variables (EPS, DPS, PE, and BVPS) included in the model. An R Square of 0.637 implies that approximately 63.7% of the variability in MPS is accounted for by the predictors, indicating a good fit of the model to the data. The Adjusted R Square value is 0.604. Unlike R Square, which can overestimate the explanatory power of the model, the Adjusted R Square adjusts for the number of predictors in the model. It provides a more accurate measure of the model's goodness of fit. An Adjusted R Square of 0.604 suggests that when accounting for the number of predictors, about 60.4% of the variability in MPS is explained by the model, still indicating a strong fit. The Standard Error of the Estimate is 348.19116. This value represents the standard deviation of the residuals (the differences between the observed and predicted values of the dependent variable). A lower standard error indicates a better fit of the model to the data. In this case, a standard error of 348.19116 suggests that the model's predictions deviate from the actual values of MPS by approximately 348.19 units on average.

The regression model, which uses EPS, DPS, PE, and BVPS as predictors, demonstrates a strong ability to explain the variability in MPS. The high R value and substantial R Square and Adjusted R Square values indicate that the model captures a significant portion of the variance in MPS. The standard error of the estimate provides a measure of the average

prediction error, which, although not negligible, suggests that the model's predictions are reasonably accurate. Overall, the model appears to be a good fit for the data, providing valuable insights into the relationships between MPS and the chosen predictors.

Table 12

Analysis of variance (ANOVA)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9558975.042	4	2389743.761	19.711	<.001[b]
	Residual	5455668.815	45	121237.085		
	Total	15014643.858	49			

Source: SPSS Output

a. Dependent Variable: MPS
b. Predictors: (Constant), BVPS, PE, DPS, EPS

Table 11 provides a detailed breakdown of the analysis of variance (ANOVA) for the regression model, assessing the significance of the model in explaining the variability of the dependent variable (MPS) using the independent variables (EPS, DPS, PE and BVPS). The sum of squares represents the total variation in the dependent variable (MPS) explained by the model regression and residual. The sum of squares due to the regression model is 9558975.042 with the degree of freedom 4 and mean square 2389743.761 respectively. Similarly, the sum of squares of the residual is 5455668.815 with the degree of freedom 45 and mean square 121237.085 respectively. This reflects the portion of variability in MPS that cannot be explained by the model, attributed to other factors or random error.

The ANOVA table clearly shows that the regression model explains a significant portion of the variation in the dependent variable (MPS). The F-statistic value of 19.711 and the p-value of less than 0.001 strongly indicate that the overall model is statistically significant. This means that at least one of the predictors (EPS, DPS, PE, and BVPS) is significantly related to MPS. The large regression sum of squares, when compared to the residual sum of squares, demonstrates that the model has a good fit. This indicates that the independent variables together explain a substantial amount of the variation in market price per share, validating the effectiveness of the regression model in this analysis.

Table 13

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-10.461	338.689		-0.031	0.975
	EPS	12.680	4.778	0.322	2.654	0.011
	DPS	18.380	5.661	0.376	3.247	0.002
	PE	12.602	2.119	0.558	5.947	0.000
	BVPS	-0.448	1.928	-0.027	-0.232	0.817

Source: SPSS Output

a. Dependent Variable: MPS

Table 13 presents the coefficients and statistics for a multiple regression model where the dependent variable is the Market Price per Share (MPS) and the independent variables are Earnings per Share (EPS), Dividends per Share (DPS), Price Earnings Ratio (PE) and Book Value per Share (BVPS). The results presented in Table 12 also summarizes the value of unstandardized beta coefficient (β_1 to β_4) and constant with which the estimated equation for impact of independent variable on MPS can be written. Using the values of unstandardized beta coefficient and constant, the following equation can be written:

$$\hat{Y} = -10.461 + 12.680X_1 + 18.380X_2 + 12.602X_3 - 0.448X_4 + e$$

Where,

$\hat{Y}$ = MPS, X_1 = EPS, X_2 = DPS, X_3 = PE, X_4 = BVPS

In the regression analysis, the beta coefficients are used to provide insights into the relative importance of each independent variables in predicting dependent variables. The intercept is -10.461, which is the expected value of MPS when all independent variables are zero. The result presented in Table 12 shows that DPS (β_2 = 18.380, p = 0.002) carries the heaviest weight for MPS, followed by EPS (β_1 = 12.680, p = 0.011) and PE (β_3 = 12.602, p = 0.000). On the other hand, BVPS carries negative weight for MPS (β_4 = -0.448, p = 0.817). The results showed that one-unit increase in EPS causes increase in MPS by 12.680

units, holding all other variables constant. Likewise, one-unit increase in DPS causes increase in MPS by 18.380 units, holding all other variables constant and one-unit increase in PE causes increase in MPS by 12.602 units, holding all other variables constant. Similarly, one-unit increase in BVPS causes decrease in MPS by 0.448 units, holding all other variables constant.

The regression model shows that EPS, DPS and PE have significant positive impact on MPS with PE having the strongest influence, followed by DPS and EPS. The BVPS, however, does not have significant impact on MPS. The intercept is also insignificant, suggesting that model doesn't predict MPS well when all independent variables are zero.

4.2 Result of Hypotheses

In order to reach the relevant findings, the study employs certain analytical tools to evaluate the hypothesis. The primary aim of this research is to investigate the impact of firm-specific factors on the market price per share (MPS) of non-life insurance companies in Nepal. To draw meaningful conclusions, specific hypotheses are formulated and rigorously tested against the data collected. The results derived from the analysis of this data, which provide insights into the relationships between the independent variables and MPS, are meticulously presented in Table 14.

Table 14

Summary of hypotheses testing

Variables	Correlation coefficient	Sig. (2-tailed)	Significant correlation (0.01 level)	Regression coefficient (B)	t-value	Sig.	Significant regression
MPS and EPS	0.458**	0.001	Yes	12.680	2.654	0.011	Yes
MPS and DPS	0.559**	0.000	Yes	18.380	3.247	0.002	Yes
MPS and PE	0.521**	0.000	Yes	12.602	5.947	0.000	Yes
MPS and BVPS	0.428**	0.002	Yes	-0.448	-0.232	0.817	No

Table 14 displays that summary of hypothesis testing under the study. The hypothesis are developed in order to examine the relationship between the dependent and independent variables and to test the impact of independent variables on dependent variables. For EPS, the correlation coefficient is 0.458, with a significance level of 0.001, indicating a significant positive correlation at the 0.01 level. The regression coefficient (B) for EPS is 12.680, with a t-value of 2.654 and a significance level of 0.011, confirming a significant regression relationship. DPS has a correlation coefficient of 0.559, significant at the 0.01 level (p = 0.000), with a regression coefficient of 18.380, a t-value of 3.247, and a significance level of 0.002, indicating a significant positive regression relationship. PE shows a correlation coefficient of 0.521 (p = 0.000), with a regression coefficient of 12.602, a t-value of 5.947, and a significance level of 0.000, highlighting a strong and significant positive regression relationship. Conversely, BVPS has a correlation coefficient of 0.428 (p = 0.002), but its regression coefficient is -0.448 with a t-value of -0.232 and a significance level of 0.817, showing no significant regression relationship with MPS.

4.3 Discussion

This chapter focused on analyzing and presenting results obtained from secondary data using various statistical tools. The study used descriptive and multiple regression analysis aiming to understand the impact of earnings per share, dividends per share and the price earnings ratio on the market price per share of Nepalese non-life insurance companies.

The structure and trend of market price per share of Nepalese non-life insurance companies presents that there are significant fluctuations over the study period. SICL exhibited the highest variability with the average MPS of Rs.1319.9 per share, while PRIN had relatively stable prices with the average MPS of Rs. 693 per share respectively. Additionally, the earnings per share (EPS) of these insurance companies varied widely, with SICL having the highest average EPS and NICL the lowest. The highest average EPS is Rs. 36.54 per share and the lowest average EPS is Rs. 19.38 per share. The dividend per share (DPS) also fluctuated significantly over the study period where SICL had highest variability with the average DPS of Rs.32.33 per share, while NICL had relatively stable prices with the average DPS of Rs. 8.35 per share respectively. The price earnings ratio (PE) also fluctuated widely within the study period of these insurance companies with SICL having highest average PE of 46.78 and NICL having lowest average PE of 24.65 respectively.

Likewise, the book value per share (BVPS) also fluctuated widely with NLG having highest average BVPS of Rs. 237.40 per share and NICL having lowest average BVPS of Rs. 176.09 per share over a study period.

The Pearson correlation coefficient revealed that market price per share has significant positive correlation with earnings per share, dividend per share, price earnings ratio and book value per share. This indicates that increase in earnings per share, dividend per share, price earnings ratio and book value per share of the insurance companies lead to increase in market price per share of these companies and vice-versa. This result is consistent with Pradhan & Dahal (2016) and Tandon and Malhotra (2013). For regression analysis, the dependent variable of Nepalese non-life insurance companies has been treated with independent variables using multiple regression analysis method. The findings with three dependent variables are similar. The findings depicted from the data analysis for EPS has significant positive relationship with MPS. The impact is also found to be significantly positive. If the earnings per share increases, then market price per share also increases. The result is consistent with Ramij & Das (2021) and Talamati & Pangemana (2015) which revealed that earnings per share is significant in affecting the market stock price of companies listed in stock market. The study also found consistency with the findings of Kumar (2017) that EPS is found to be a very strong forecaster of market price of share.

The results obtained from the data analysis for DPS shows that it has a strong positive correlation, indicating that higher DPS is associated with higher MPS. That means increase in dividend per share may leads to increase in market price per share. This result is consistent with Menike & Prabath (2014) that DPS and BVPS show significant impact to the share price. However, DPS shows the most sensitive variables with the stock price. Sapkota (2016) and Bhattarai (2018) also found that there is the positive relationship of MPS with DPS. However, the result contradicts with Arshad, Arshaad, Yousaf & Jamil (2015) which revealed that DPS has a non-significant relationship with MPS. The results are also inconsistent with Gautam & Bista (2019) which concluded that dividend per share, earning per share, firm size and inflation have negative impact on market price of share of Nepalese non-life insurance companies.

Likewise, the findings obtained from the data analysis for PE ratio also shows that there is strong positive relationship with MPS. An increase in PE ratio is generally associated with

an increase in MPS. This means PE has the strongest positive significant influence on MPS followed by DPS and EPS respectively. It can be also interpreted as higher the PE ratio, higher will be the MPS and vice-versa. The result is consistent with Pradhan and Dahal (2016) which showed that higher PE ratio would lead the higher market price per share of the company. Almumani (2014) also revealed the significant positive relationship between PE ratio and firm's stock price. Milošević (2018) also presented that trust rate, P/E ratio, return on equity and return on assets have a significant positive impact, which indicates that investors prefer companies that are earning more and investing funds in profitable projects. The findings of the study is also consistent with Kumar (2017) which depicted that price earnings ratio impact significantly on the prediction of market price of share of selected companies as whole.

The book value per share is also found to have significant positive correlation with the market price per share. Overall, MPS has significant positive correlations with EPS, DPS, PE and BVPS indicating that these variables tend to move together. However, under regression model, BVPS doesn't have significant impact on MPS. That means there lies inverse relationship between BVPS and MPS. An increase in BVPS may lead to decrease in MPS of the company. The result is consistent with Shakya (2018) which showed that BVPS has indirect relationship with the dependent variable MPS. Maskey (2022) also revealed that variables like book values of shares and retention rate were found to have insignificant relationship with market stock prices of the company. However, the result contradicts with Menike & Prabath (2014) which concluded that BVPS has significant positive impact on stock price in CSE. The result is found inconsistent with Tandon & Malhotra (2013) which also showed that BVPS, EPS and P/E ratio are having a significant positive association with firm’s stock price.

CHAPTER V

SUMMARY AND CONCLUSION

This is the final chapter which summarizes the research findings, conclusions, and implications of the firm-specific factors and its impact on non-life insurance companies of Nepal. It is categorized into three sections: the first presents a summary of the research findings, the second presents the conclusions drawn from the study and the third presents the implications of the study.

5.1 Summary

The main aim of this study is to investigate the structure and trend of market price per share, earnings per share, dividend per share, price earnings ratio and book value per share of Nepalese non-life insurance companies. The research seeks to explore the relationship and impact of the independent variables: earnings per share, dividend per share, price earnings ratio and book value per share on the dependent variable, market price per share. To achieve this major objectives, various quantitative statistical tools and techniques, such as descriptive and causal-comparative research designs, were employed. Secondary data was systematically collected and analyzed to derive the findings. This data was obtained from secondary sources and analyzed using statistical measures such as mean, maximum value, minimum value, standard deviation, correlation, and regression. Based on this data analysis, the study's major findings are presented as follows:

SICL has the highest average earnings per share, at Rs. 36.54 while NICL has the lowest average earnings per share, at Rs. 19.38. For most of the chosen insurance companies, the average earnings per share calculated over the course of the year has dropped recently. The earnings per share (EPS) during the research period varied significantly, with an average value of Rs. 29.68. The minimum EPS recorded was a negative Rs. 7.41 whereas maximum EPS reached Rs. 61.4, reflecting a high level of profitability.

SICL has the highest average dividend per share, at Rs. 32.33 while NICL has the lowest average dividend per share, at Rs. 8.35. The average dividend per share computed throughout the course of the year has decreased for the majority of the selected insurance companies. The dividend per share (DPS) during the study period exhibited a wide range, starting from a minimum of Rs. 4.52 to a peak of Rs. 63.16. On average, the DPS across

the selected insurance companies was Rs. 14.93, indicating a notable variation in dividend distributions among the banks.

With an average price earnings ratio of 46.78 percent, SICL has the highest ratio, while NICL has the lowest at 24.65 percent. The average price earnings ratio estimated over the course of the year has declined for the majority of the selected insurance companies. Throughout the research period, the price-to-earnings (P/E) ratio fluctuated significantly, ranging from a low of -52.5 percent to a high of 110 percent. On average, the P/E ratio was 32.67 percent, reflecting the varying levels of investor confidence and market valuation of the insurance companies' earnings during this time.

The average book value per share is highest for NLG at Rs. 229.91 where lowest for NICL at Rs. 176.09. Over the time, there have been observed peaks and troughs in performance, as indicated by the general trend of selected insurance companies. During the research period, the book value per share averaged Rs. 207.49. The book value per share ranged from a minimum of Rs. 145.78, indicating the lowest equity value, to a maximum of Rs. 314, highlighting the highest equity value observed among the insurance companies studied.

As per the analysis of market price per share, PRIN has the lowest average market price of Rs. 693, while SICL has the highest average market price of Rs. 1319.9. The majority of chosen insurance companies' market price of shares has lowered in the recent years, based on findings. Throughout the research period, the market price per share has shown considerable variation, ranging from a minimum value of Rs. 250 to a maximum value of Rs. 3249. On average, the share price was Rs. 938.64, highlighting the significant fluctuations in the market over the observed timeframe.

With a correlation coefficient of 0.458 and a 99 percent of confidence level, the relationship between market price per share and earnings per share is shown to be positive and significant. At 99 percent confidence level, the correlation coefficient between market price per share and dividend per share is determined to be 0.559, indicating a positive and statistically significant relationship. The correlation coefficient of 0.521 indicates that there is a positive and statistically significant association between market price per share and price earnings ratio at 99 percent confidence level. Likewise, with a correlation coefficient

of 0.428 at 99 percent of confidence level, the association between market price per share and book value per share is positive and significant. According to the correlation analysis, there is a positive and significant association between MPS and all four independent variables: EPS, DPS, PE ratio and BVPS.

The regression model showed that MPS is significantly positively impacted by EPS, DPS, and PE as PE have the largest influence and DPS and EPS following closely after. However, MPS is not significantly impacted by BVPS. The findings demonstrated that, when all other factors are held constant, an increase of one rupee in EPS resulted in an increase of 12.680 rupees in MPS. Similarly, if all other variables remain same, a one rupee increase in DPS results in an increase in MPS of 18.380 rupees, and a one rupee increase in PE results in an increase in MPS of 12.602 rupees. Similarly, when all other factors remain constant, a one rupee rise in BVPS results in a 0.448 rupee drop in MPS.

5.2 Conclusion

A company's strong performance influences its market standing and contributes to the market's growth and stability. The stock market, offering easy transaction access and greater flexibility, is a crucial source for raising funds for both companies and individual investors. Stock market prices are driven by demand and supply, along with various internal and external factors (Kattel & Pradhan, 2023).

The primary aim of this study was to assess the influence of independent variables: earnings per share, dividend per share, price-earnings ratio, and book value per share on the dependent variable, market price per share of Nepalese non-life insurance companies over the specified period. Additionally, the study sought to analyze the structure and trends of both the dependent and independent variables within the sample insurance companies. To achieve these objectives, a descriptive and causal-comparative research design was utilized, based on secondary data. The data was gathered from the websites of selected insurance companies. The study comprised 50 observations from 5 non-life insurance companies spanning the fiscal years 2013/14 to 2022/23. In this analysis, the data was examined using measures such as mean, maximum value, minimum value, standard deviation, correlation, and regression analysis.

The study showed that, for most of the selected insurance companies, the average of selected factors like: earnings per share, dividend per share, price earnings ratio, book value per share and market price per share calculated over the course of the year has dropped in recent years. The analyzed data in this study showed the relationship between the market price per share and firm-specific factors. Pearson correlation coefficient showed that there exists positive and significant correlation of EPS, DPS, PE and BVPS with MPS of the company. This implies that higher the earnings per share, dividend per share, price earnings ratio and book value per share higher will be the market price per share. Furthermore, regression analysis showed that the EPS, DPS and PE ratio is significantly positive with MPS while the BVPS is insignificant with MPS and have negative relation as well. Based on the results of the empirical analysis, EPS, DPS, PE and BVPS are the important factors that affect the share prices for all insurance companies under consideration.

5.3 Implication

This study emphasized the need for future research to delve into the factors impacting the stock price of Nepalese non-life insurance companies. It encourages investors and portfolio analysts to use this knowledge to make informed investment decisions and forecast future dividend trends. The study aims to guide investors in investing in insurance companies, providing insights into the impact of dividends on market prices and facilitating informed investment strategies. To foster further exploration in this field, future research is advised to incorporate a larger sample size and a broader array of macroeconomic variables to analyze their impact on market stock prices. Additionally, conducting inter-industry comparisons can furnish valuable insights. This research is characterized as experimental, outlining a pathway for further investigations to contribute to the evolving body of knowledge in this subject area.

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APPENDICES

Appendix I

Principal indicators of Neco Insurance Ltd.

Annexure III

Major Financial Indicator

Fig. in NPR

S.N	Particular	Indicators	Fiscal Year				
			2079/80	2078/79	2077/78	2076/77	2075/76
	Equity						
1	Net worth	NRs.	4,409,812,911	3,643,098,743	3,078,843,457	2,561,874,411	2,192,359,305
2	Number of Shares	Number	20,123,606.19	17,498,788	15,216,337	13,174,318	11,762,784
3	Book value per shares	NRs.	219	208	202	194	186
4	Net Profit	NRs.	705,012,511	547,344,015	506,981,534	482,622,491	348,924,741
5	Earning per Shares (EPS)	NRs.	35	31	29	32	30
6	Dividend per Shares (DPS)	NRs.	-	16	16	16	9
7	Market Price per Shares (MPPS)	NRs.	891	694	1,348	607	489
8	Price Earning Ratio	Ratio	25	22	47	17	16
9	Change in Equity	%	21	18	20	17	20
10	Return on Equity	%	16	15	16	19	16
11	Capital to Total Net Assets Ratio		46	48	49	51	54
12	Capital to Technical Reserve Ratio		1.16	1.15	1.05	1.19	1.19
13	Affiliate Ratio		-	-	-	-	-
	Business						
14	Total Premium Growth Rate						
	Property	%	12.19	16	15	17	13
	Motor	%	4.26	8	8	1	13
	Marine	%	178.43	22	(5)	6	(88)
	Engineering	%	20.31	36	4	51	1,044
	Micro	%	(28.03)	(29)	574	1,172	100
	Aviation	%	(100.00)	(33)	(53)	(205)	(100)
	Cattle and Crop	%	58.69	94	49	4	(62)
	Miscellaneous	%	12.29	21	8	(15)	538
15	Net Premium Growth Rate						
	Property	%	(0.83)	17.71	31.11	22.56	-
	Motor	%	(3.55)	6.97	13.95	5.77	-
	Marine	%	146.21	9.30	105.03	44.62	-
	Engineering	%	14.70	84.44	24.21	15.61	-
	Micro	%	(31.74)	(29.00)	6,726.47	11.95	-
	Aviation	%	(100.00)	(32.83)	(52.53)	(205.09)	-
	Cattle and Crop	%	132.08	386.46	42.78	21.23	-
	Miscellaneous	%	(1.50)	18.75	14.54	57.30	-
16	Net Insurance Premium/Gross Insurance Premium						
	Property	%	(6.77)	113.66	204.14	133.75	-
	Motor	%	(83.45)	87.34	164.84	521.38	-
	Marine	%	81.94	42.89	(2,178.57)	728.39	-
	Engineering	%	72.40	235.43	657.72	30.91	-
	Micro	%	113.25	98.69	1,171.79	1.02	-
	Aviation	%	100.00	100.00	100.00	100.00	-
	Cattle and Crop	%	225.04	409.00	88.06	522.76	-
	Miscellaneous	%	(12.18)	87.26	191.20	(388.76)	-
17	Reinsurance commission Income/ Gross Reinsurance Premium	%	28%	30%	29%	32%	25%
18	Gross Premium Revenue/ Equity	%	69%	72%	72%	78%	83%
19	Net Premium Revenue/ Equity	%	41%	46%	47%	47%	83%
20	Gross Insurance Premium/Total Assets	%	36%	31%	31%	43%	47%
21	Return on Investments & Loan	%	14%	8%	7%	9%	9%
22	Net Profit/ Gross Insurance Premium	%	23%	21%	23%	24%	19%

	Expenses:						
23	Reinsurance Ratio	%	41%	35%	35%	40%	42%
24	Management expenses/ Gross Insurance Premium	%	18%	18%	19%	19%	19%
25	Agent Related Expenses/ Gross Insurance Premium	%	2%	2%	2%	2%	2%
26	Agent Related Expenses/Management Expenses	%	14%	13%	13%	13%	12%
27	Employee Expenses/ Management Expenses	%	86%	72%	71%	70%	68%
28	Employee Expenses/ Number of Employees		856543	711920	723631	688508	675972
29	Expense Ratio (Underwriting Expense/Net Written Premium)		17%	17%	18%	15%	20%
30	Commission Ratio (Commission Expense/Net Written Premium)	%	4%	4%	4%	4%	4%
31	Loss Ratio {(Claim Paid + change in reserve)/ (Net Written Premium)}	%	67%	53%	67%	49%	61%
32	Combined Ratio (Loss Ratio + Expense Ratio)	%	84%	125%	138%	119%	129%
	Assets:						
33	Increment in Investment Held		552,853,900	825,449,437	599,637,021	391,303,475	262,310,494
34	Return on Assets	%	8%	7%	7%	10%	13%
35	Long term Investments/Total Investments	%	100%	100%	100%	100%	100%
36	Short term Investments/Total Investments	%	-	-	-	-	-
37	Total Investment & Loan/Gross Insurance Contract Liabilities	%	163%	119%	111%	219%	240%
38	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	-	-	-	-	-
39	Investment in Shares/ Total Net Assets	%	13%	10%	4%	8%	12%
40	Liquidity Ratio	%	46%	451%	496%	497%	485%
	Liabilities:	%					
41	Solvency Margin	%	332.00%	549.29%	450.53%	349.80%	265.94%
42	Increment in Gross Insurance Contract Liabilities	%	(702,855,037)	484,409,195	1,465,801,758	288,866,768	
43	Net Technical Reserve/ Average of Net Claim Paid for Last 3 Years			2.31	2.31	2.31	2.31
44	Actuarial Provision	%	3,117,225	3,823,580,856	3,339,171,661	1,423,390,935	1,134,524,167
45	Technical Provisions/ Total Equity	%	0.07	42%	47%	43%	45%
46	Insurance Debt/ Total Equity	%	4%	4%	8%	1%	3%
47	Outstanding Claim/ Claim Intimated		107.61	140.76	157.67	80.72	0.58
48	No. of Outstanding Claim/ No. of Intimated Claim	%	77.14	69.63	49.65	49.06	27.23
49	Total Number of Inforce Policies		297,154.00	298,820.00	302,729.00	244,874.00	276,715.00
50	Number of Renewed Policy/ Last Year's Total Number of In Force Policies		0.27	0.22	0.21	-	9.77
51	Number of Intimated Claim/ Total Number of In Force Policy	%	4.39	4.74	4.14	2.62	2.11
	Others:						
52	Number of Offices		92	81	77	60	48
53	Number of Agents		105	198	163	228	219
54	Number of Surveyors						
55	Number of Employees		502	489	406	377	352

Source: Annual report of Neco Insurance Ltd. 2079/80

अनुसूची २७
प्रमुख सूचकाङ्कहरु

क्र.सं	विवरण	सूचकांक	२०७०/७१	२०७१/७२	२०७२/७३	२०७३/७४	२०७४/७५
१	नेट वर्थ	रु.	३४,४८४,६२०	४९६,९२३,११०	६१५,०८६,५२०	१,२२८,८००,२८२	१,९६०,६५१,०३४
२	शेयर संख्या	संख्या	१,३५२,२१६	२,८१७,७७१	३,२४०,४३६	७,१२८,१५९	११,७६२,७८४
३	प्रति शेयर किताबी मूल्य	रु.	२५५.०२	१७६.३५	१८९.८२	१७२.३७	१६६.६८
४	खुद नाफा	रु.	३६,६९८,३०५	९२,१८३,७०१	१२१,५७४,३९४	२०८,५३१,७७१	३०२,४६०,१५२
५	प्रति शेयर आय (EPS)	रु.	२७.१४	३२.७२	३७.५२	२९.२५	२५.७१
६	प्रति शेयर लाभांश (DPS) (बोनश शेयर तथा कर समेत)	रु.	२४.७४	१५.७९	२१.०५	१०.५३	१२.६३
७	प्रति शेयर बजार मूल्य (MPPS)	रु.	७७०.००	४६२.००	१,९९०.००	९८१.००	९८१.००
८	मूल्य आम्दानी अनुपात (PE Ratio)	अनुपात	२८.३७	१४.१२	५३.०४	३३.५४	३८.१५
९	खुद बीमाशुल्क/कुल बीमाशुल्क	प्रतिशत	४५.००	४४.००	४७.००	५४.८२	५९.३१
१०	खुद नाफा/कुल बीमाशुल्क	प्रतिशत	८.१३	१७.३५	१३.३९	१५.३१	१८.२१
११	कुल बीमाशुल्क/कुल सम्पत्ति	प्रतिशत	५८.००	५३.००	६८.००	५७.९७	४८.६२
१२	लगानी र कर्जाबाट आय/कुल लगानी र कर्जा	प्रतिशत	७.००	१८.००	६.००	५.५३	७.५३
१३	पुनर्बीमा कमिशन आय/कुल पुनर्बीमाशुल्क	प्रतिशत	२३.००	२१.००	१९.००	२१.६५	२४.१९
१४	व्यवस्थापन खर्च/कुल बीमाशुल्क	प्रतिशत	१४.००	१५.००	१३.००	१३.११	१४.८९
१५	बीमा अभिकर्ता सम्बन्धि खर्च/कुल बीमाशुल्क	प्रतिशत	८.००	६.००	३.००	२.३९	२.४२
१६	बीमा अभिकर्ता संख्या	संख्या	४५	६०	६०	१७८	२१६
१७	कर्मचारी संख्या	संख्या	९६	१२९	१६७	२३९	२८५
१८	कार्यालयको संख्या	संख्या	१५	१५	२३	२९	४८
१९	कर्मचारी खर्च/व्यवस्थापन खर्च	प्रतिशत	५४.००	५९.००	५३.००	५८.७६	६०.०५
२०	कर्मचारी खर्च/कर्मचारी संख्या	रु.	३६७,१२१	३६१,३४२	३७०,७८५	४३९,०८४	५२१,०३९
२१	भुक्तानी हुन बाँकी दावी रकम/कूल दावी रकम	प्रतिशत	५२.००	३६.००	२२.००	४३.०५	२३.६०
२२	भुक्तानी हुन बाँकी दावीको संख्या/कूल दावीको संख्या	प्रतिशत	३८.००	५८.००	४७.००	४९.१९	२७.७५
२३	कुल कायम रहेको बीमालेखको संख्या	संख्यामा	४४,१७६	५१,१८२	१२६,२५४	२०४,५५७	२६९,८२२
२४	यस वर्ष नवीकरण भएको बीमालेखको संख्या/गत वर्ष कायम रहेको बीमालेखको संख्या	प्रतिशत	२९.००	३८.००	४५.००	२१.६९	११.७७
२५	दावी परेको बीमालेखको संख्या/कुल कायम रहेको बीमालेखको संख्या	प्रतिशत	४.६१	३.००	२.००	१.४७	१.४०
२६	सोल्भेन्सी मार्जिन	प्रतिशत	-	२.५२	३.२	६.१२	२.४१
२७	कूल बीमाशूल्कमा वृद्धि	प्रतिशत	-	-	-	५०.०७	२१.९२
२८	खुद बीमाशूल्कमा वृद्धि	प्रतिशत	-	-	-	७४.७२	३१.९२
२९	अग्नी बिमा	प्रतिशत	-	-	-	२५.४६	३५.४९
३०	मोटर बिमा	प्रतिशत	-	-	-	९९.४४	३५.१३
३१	सामून्द्रिक बिमा	प्रतिशत	-	-	-	५९८.२२	३३.८२
३२	इन्जिनियरिङ तथा ठेकेदार जोखिम बिमा	प्रतिशत	-	-	-	१४५.३७	(४९।९३)
३३	हवाई बिमा	प्रतिशत	-	-	-	(६५।४८)	३०.१७
३४	विविध बिमा	प्रतिशत	-	-	-	८.६८	६१.०९
३५	लगानीमा वृद्धि	प्रतिशत	-	-	-	९७.८७	५३.३५
३६	पूंजी र खुद जम्मा सम्पत्तिको अनूपात	प्रतिशत	-	-	-	३८.०९	६६.६२
३७	खुद बिमाशूल्क र पूंजी अनूपात	प्रतिशत	-	-	-	८४.५६	६८.३१
३८	सोल्भेन्सी अनूपात	प्रतिशत	-	-	-	२४३.३१	२४१.३३
३९	(सूचिकृत नभएको शेयरमा लगानी र आसामि) / खुद जम्मा सम्पत्ति	प्रतिशत	-	-	-	७.८१	९.११
४०	शेयरमा भएको लागानी/ खुद जम्मा सम्पत्ति	प्रतिशत	-	-	-	७.७५	१०.९५

४१	पुर्नविमकले भुक्तानी गर्न बांकी रकम र पुर्नविमकलाई जारी गरेको बिजकको रकम	प्रतिशत	-	-	-	४.९१	५.६७
४२	खूद जोखिम धारण अनूपात	प्रतिशत	-	-	-	५४.८२	५९.३१
४३	अग्नी बिमा	प्रतिशत	-	-	-	५१.३४	५४.५३
४४	मोटर बिमा	प्रतिशत	-	-	-	८२.७२	८६.०४
४५	सामून्द्रिक बिमा	प्रतिशत	-	-	-	२८.१४	३२.१४
४६	इन्जिनियरिङ तथा ठेकेदार जोखिम बिमा	प्रतिशत	-	-	-	१६.३६	८.१९
४७	हवाई बिमा	प्रतिशत	-	-	-	०.०३	०.०५
४८	विविध बिमा	प्रतिशत	-	-	-	१७.४७	२४.१८
४९	खूद टेक्निकल रिजर्भ/ गत तीन वर्षको खूद बिमा शूल्कको औषत	प्रतिशत	-	-	-	७९.८६	६९.०७
५०	दाबी अनूपात	प्रतिशत	-	-	-	४१.७८	४८.७७
५१	खर्च अनूपात	प्रतिशत	-	-	-	१४.६२	१५.५८
५२	कमिशनको अनूपात	प्रतिशत	-	-	-	(१७।०८)	(१४।२४)
५३	जम्मा खर्च अन'पात	प्रतिशत	-	-	-	५६.४१	६४.३६
५४	कूल व्यवस्थापन खर्च र कूल बिमाशूल्क	प्रतिशत	-	-	-	१३.११	१४.८९
५५	व्यवसाय प्रवर्द्धन खर्च र खूद बिमाशूल्क	प्रतिशत	-	-	-	१.४४	१.५१
५६	लगानीबाट आय र खूद बिमाशूल्क	प्रतिशत	-	-	-	७.३७	९.१३
५७	पुंजीमा प्रतिफल	प्रतिशत	-	-	-	८.७८	१४.३२
	नबकिरण						
५८	अग्नी बिमा	प्रतिशत	-	-	-	५०.२५	५३.०२
५९	मोटर बिमा	प्रतिशत	-	-	-	११.३६	७.२६
६०	सामून्द्रिक बिमा	प्रतिशत	-	-	-	०.०७	०.००
६१	इन्जिनियरिङ तथा ठेकेदार जोखिम बिमा	प्रतिशत	-	-	-	२२.७६	१५.६९
६२	हवाई बिमा	प्रतिशत	-	-	-	०.००	०.००
६३	विविध बिमा	प्रतिशत	-	-	-	१९.६८	१६.२३

Source: Annual report of Neco Insurance Ltd. 2074/75

Appendix II

Principal indicators of Shikhar Insurance Co. Ltd.

Annexure III

Major Financial Indicator

S.N.	Particular	Indicators	Fiscal Year				
			2079/80	2078/79	2077/78	2076/77	2075/76
	Equity:						
1	Net worth	NRs.	4,886,766,576	4,696,198,780	3,843,602,198	3,322,862,901	2,709,939,515
2	Number of Shares	Number	26,549,473	22,860,812	17,585,240	10,573,106	10,573,106
3	Book value per shares	NRs.	184	205	219	314	256
4	Net Profit	NRs.	226,125,314	273,164,331	311,987,941	409,258,334	402,574,306
5	Earning per Shares (EPS)	NRs.	8.52	14.47	18	39	38
6	Dividend per Shares (DPS)	NRs.	-	16.00	-	38	-
7	Market Price per Shares (MPPS)	NRs.	845	807	1,952	1,019	771
8	Price Earning Ratio	Ratio	99	56	110	26	20
9	Change in Equity	%	4%	22%	16%	23%	19%
10	Return on Equity	%	5%	9.23%	6.90%	13.91%	0.80%
11	Capital to Total Net Assets Ratio	%	38%	33%	30.88%	17.82%	22.57%
12	Capital to Technical Reserve Ratio	%	225%	197%	-	-	-
13	Affiliate Ratio	%	1.49%	1.13%	1.37%	2.39%	11.21%
	Business:						
14	Total Premium Growth Rate						
	Property	%	5%	3.39%	42.36%	10.67%	20.43%
	Motor	%	-6%	2.56%	2.90%	-9.32%	0.02%
	Marine	%	-19%	88.24%	1.37%	5.78%	-3.75%
	Engineering	%	31%	310.04%	27.49%	59.08%	-58.67%
	Micro	%	21%	-94.97%	18.09%	4869.45%	379.82%
	Aviation	%	-18%	-48.82%	1.57%	-5.56%	19.41%
	Cattle and Crop	%	57%	62.87%	108.46%	8.97%	41.69%
	Miscellaneous	%	16%	27.85%	-20.81%	-6.55%	16.18%
15	Net Premium Growth Rate						
	Property	%	44.72%	-27.65%	-1.21%	14.45%	-2.45%
	Motor	%	7.68%	-4.01%	-1.98%	-3.92%	-25.05%
	Marine	%	27.75%	343.76%	-26.33%	-37.93%	149.12%
	Engineering	%	5.55%	12691.87%	-64.29%	-33.63%	-97.40%
	Micro	%	-83.04%	-26.46%	167.27%	424.81%	379.81%
	Aviation	%	-16.70%	44.73%	22.28%	396.35%	-85.70%
	Cattle and Crop	%	56.72%	79.66%	3.56%	-25.81%	50.31%
	Miscellaneous	%	-6.52%	3.12%	-35.91%	-24.71%	23.35%
16	Net Premium /Gross Insurance Premium						
	Property	%	10.59%	7.16%	11.83%	15.24%	14.03%
	Motor	%	57.58%	56.18%	60.13%	59.19%	58.74%
	Marine	%	24.94%	35.86%	8.71%	77.37%	26.68%
	Engineering	%	4.37%	7.66%	0.17%	0.67%	1.31%
	Micro	%	50.72%	33.68%	25.88%	20.70%	100.00%
	Aviation	%	8.97%	6.62%	3.51%	2.80%	0.55%
	Cattle and Crop	%	19.73%	20.02%	19.80%	30.75%	43.31%
	Miscellaneous	%	14.44%	18.74%	18.30%	24.72%	31.76%
17	Reinsurance commission/ Gross Reinsurance Premium	%	16.33%	21.09%	19.16%	25.68%	27.95%
18	Gross Premium/ Owner Equity	%	105.15%	93.54%	97.67%	99.48%	124.40%
19	Net Premium/ Equity	%	27.42%	26.29%	30.04%	36.34%	53.75%
20	Gross Insurance Premium/ Total Assets	%	51.54%	39.00%	39.49%	40.82%	45.85%
21	Return on Investment & Loan	%	5.98%	4.62%	4.92%	4.23%	5.23%
22	Net Profit/ Gross Insurance Premium	%	4.25%	6.01%	8.31%	12.38%	11.94%
	Expenses:						
23	Reinsurance Ratio	%	73.99%	71.90%	69.24%	63.47%	62.55%
24	Management expenses/ Gross Insurance Premium	%	15.11%	15.93%	16.82%	18.07%	16.69%

S.N.	Particular	Indicators	Fiscal Year				
			2079/80	2078/79	2077/78	2076/77	2075/76
25	Agent Related Expenses/ Gross Insurance Premium	%	0.54%	0.61%	0.92%	0.91%	1.01%
26	Agent Related Expenses/ Manangement Expenses	%	3.53%	3.80%	2.15%	2.10%	7.39%
27	Employee expenses/ Management expenses	%	63.94%	64.55%	64.59%	66.65%	67.33%
28	Employee expenses/ Employee numbers		803,771	756,546	659,027	656,090	620,963
29	Expense Ratio (Underwriting Expense/ Net Written Premium)	%	4.147%	4.530%	4.0%	3.43%	3.00%
30	Commission ratio(Commission Expenses/ Net Written Premium)		2.091%	2.157%	2.976%	2.48%	2.08%
31	Loss Ratio {(Claim Paid + change in reserve)/ (Net Written Premium)}	%	76.43%	86.68%	79.51%	65.12%	77.23%
32	Combined Ratio (Loss Ratio + Expense Ratio)'	%	80.58%	91.21%	91.25%	70.19%	80.19%
	Assets						
33	Increment in Investment Held	%	5.46%	26.25%	2.75%	3.34%	18.37%
34	Return on Assets	%	3.21%	3.96%	3.28%	5.05%	5.48%
35	Long Term Investment/Total Investments	%	21.67%	16.42%	35.09%	31.90%	29.73%
36	Short Term Investment/Total Investments	%	78.33%	79.89%	64.91%	68.10%	70.27%
37	Total Investment & loan/Gross Insurance Contract Liabilities	%	84.14%	74.84%	66.46%	99.27%	255.89%
38	Investment in Unlisted Shares/Total Net Assets	%	2.50%	2.00%	4.93%	2.55%	1.15%
39	Investment in Shares/Total Net Assets	%	6.46%	6.21%	7.72%	6.23%	3.65%
40	Liquidity Ratio	%	66.57%	43.55%	70.69%	112.07%	89.36%
	Liabilities:						
41	Solvency Margin	%	3.33%	3.41%	4.30%	6.80%	5.32%
42	Increment in Gross Insurance Contract Liabilities	%	-6.20%	12.11%	53.47%	164.59%	-12.69%
43	Net Technical Reserve/ Average of Net Claim Paid for Last 3 Years	%	278.00%	247.10%	278.68%	49.30%	79.25%
44	Actuarial Provision	%					
45	Technical Provisions/ Total Equity	%	24.13%	24.67%	28.43%	31.55%	43.75%
46	Insurable Debt/ Total Equity	%	3.02%	18.15%	20.55%	36.54%	35.08%
47	Outstading Claim/Claim Intimated	%	19.00%	29.00%	48.00%	39.00%	33.00%
48	Outstanding Claim Number/ Number of Claim Paid	%	5.12%	81.78%	105.82%	21.99%	26.34%
49	Total Number of Inforce Insurance Policies	Numbers	298,066	235,242	342,557	326,032	346,455
50	Total Number of Renewed Insurance Policy/ Last year's Total Number of In force Policies	%	27.27%	27.66%	26.85%	17.97%	21.48%
51	Numbers of Intimated Claims/Total Number of In Force Policy	%	2.49%	4.49%	1.53%	1.61%	1.52%
	Others:						
52	Number of Offices	No.s	113.00	110.00	106.00	103.00	103.00
53	Number of Agents	No.s	135	93	143	131	95
54	Number of Surveyor	No.s	227	392	105	100	67
55	Number of Employees	No.s	642	621	619	615	620

Source: Annual report of Shikhar Insurance Co. Ltd. 2079/80

विवरण	सूचकाङ्क	आर्थिक वर्ष										
		२०७४/७५	२०७३/७४	२०७२/७३	२०७१/७२	२०७०/७१	२०६९/७०	२०६८/६९	२०६७/६८	२०६६/६७	२०६५/६६	२०६४/६५
नेट वर्थ	रु.	२,१७१,९०७,८३४	१,७७२,२७०,३५७	१,४२३,३४८,०८५	७९८,४७३,३९३	५८५,१६१,८४९	३६२,१९१,९७९	२८१,२१६,३५१	२२७,२३१,९२२	१७१,४३७,२२९	१५२,५९१,५७४	१४२,८६१,००४
शेयर संख्या	संख्या	१०,५७२,१०६	८,१७६,६८३	५,०९८,९७३	३,५७६,९१०	२,९७७,७२०	१,७५०,०००	१,२५०,०००	१,२५०,०००	१,२५०,०००	१,२५०,०००	१,२५०,०००
प्रति शेयर किताबी मूल्य	रु.	२०५.४२	२१६.७५	२७९.१४	२२३.२३	१९६.५१	२०६.९७	२२४.९७	१८१.७९	१३७.१५	१२२.१८	११४.२९
खुद नाफा	रु.	३९९,२७४,७८२	३६०,००३,७८९	३०६,६११,३१२	२१९,६१८,८४६	१३१,१२७,१३१	८२,४४६,५९९	५७,५१५,५३९	५६,२३४,७५५	३२,९३५,९५१	२५,५०१,३०५	१२,६९१,५५६
प्रति शेयर आय (EPS)	रु.	३७.७६	४४.०३	६०.९३	६१.४०	४४.०४	४७.११	४६.०१	४४.९९	२६.३५	२०.४०	१०.१५
प्रति शेयर लाभांश (EPS)	रु.	-	३०.५२६	६३.१५८	२६.३२	२०.००	२१.०५	४२.१०	-	१२.६३	१३.५०	-
प्रति शेयर बजार मूल्य (MPPS)	रु.	९८५	१,९४१	३,२४९	६९०	९४०	४०६	२९१.००	३०४.००	३२७.००	३३१.००	४५५
मूल्य आम्दानी अनुपात (PE Ratio)	अनुपात	२६.०८	४४.०९	५४.०३	११.२४	२१.३५	८.६२	६.३२	६.७६	१२.४१	१६.२२	४५.४९
खुद बीमाशुल्क र कुल बीमाशुल्क	प्रतिशत	४७.७१	५१.५६	५१.५३	४७.५०	४२.७६	३६.६१	३१.३८	३१.७०	३७.३९	२३.७२	२३.११
खुद नाफा र कुल बीमा शुल्क	प्रतिशत	२५.०८	२५.४४	२९.६८	३४.१२	२९.१४	२४.५८	२१.१६	९.१५	६.२१	६.०२	३.६९
कुल बीमा शुल्क र कुल सम्पत्ति	प्रतिशत	१५३.६३	१५४.८९	१४०.८४	१६९.७२	१८२.१०	२५२.९५	३०७.९९	८०.४२	८६.५३	१०५.६४	८९.१९
लगानी र कर्जाबाट आय र कुल लगानी र कर्जा	प्रतिशत	८.६७	५.५७	५.५९	१४.१८	७.५६	७.५७	१०.५२	९.८४	७.३७	६.८०	६.१४
पुनर्बीमक कमिशन आयर कुल बीमाशुल्क	प्रतिशत	११.४८	१०.१९	९.५१	९.८२	११.२२	१०.१४	१०.१९	१२.३४	११.२६	१४.००	१२.२२
व्यवस्थापन खर्च र कुल बीमाशुल्क	प्रतिशत	११.८६	१०.८८	९.८७	११.३६	११.६७	११.४९	११.२९	११.५२	११.६१	११.०५	११.०१
बीमा अभिकर्ता सम्बन्धी खर्च र कुल बीमाशुल्क	प्रतिशत	१.०३	०.९८	०.९२	३.३८	३.८७	४.३७	३.४८	३.७७	५.५५	५.१५	४.९६
बीमा अभिकर्ता संख्या	संख्या	७५	६४	६४	६५	५०	६२	७६	७३	७२	८३	७८
कर्मचारी संख्या	संख्या	५४०	३८५	२८४	२२९	१७३	१४०	१२८	११०	१०२	८७	७९
कार्यालयको संख्या	संख्या	८७	५४	३४	३०	१८	१४	११	१०	१०	६	६
कर्मचारी खर्च र व्यवस्थापन खर्च	प्रतिशत	५८.४५	६०.०१	५५.३६	५४.३६	५१.९९	४६.४२	४०.२३	४०.८१	४३.१०	४६.७९	४९.३६
कर्मचारी खर्च र कर्मचारी संख्या		४२८,२४९	४६५,६४१	३८५,५४५	३६५,४५४	३६८,९१३	३४९,००१	३०७,३४७	२६२,५०२	२६०,२९९	२५१,७७९	२६५,४०८
भुक्तानी हुन बाँकी दाबी रकम र भुक्तानी भएको दाबी रकम	प्रतिशत	३५.०७	५०.२८	३९.४५	५५.३३	६३.५८	८९.२५	८७.२९	९३.०३	७२.००	१९.००	४५.५५
भुक्तानी हुन बाँकी दाबीको संख्या र यस वर्ष भुक्तानी भएको दाबीको संख्या	प्रतिशत	५६.९४	५७.४१	७२.९७	६५.४५	५१.०३	७२.८८	७२.८८	९२.९२	५०.२०	२५.८४	९.७१
कुल कायम रहेको बीमालेखको संख्या	संख्यामा	३०२,४३४	२६५,५४१	२३१,०१८	१५५,२७२	१०१,२४२	५६,२८५	३८,८४४	३६,४८६	३६,९९१	१८,९५८	१८,३०६
यस वर्ष नवीकरण भएको बीमालेखको संख्या र गत वर्ष कायम रहेको बीमालेखको संख्या	प्रतिशत	२०.१४	१९.६९	१५.२९	१५.२९	२९.२०	३९.२८	३८.६९	३८.४९	७७.२०	४१.००	३७.००
दाबी परेको बीमालेखको संख्या र कुल कायम रहेको बीमालेखका संख्या	प्रतिशत	१.७४	१.९८	१.७१	२.५५	२.६३	२.७७	४.२०	७.०९	६.२१	७.५४	९.८३
सोल्भेन्सी मार्जिन	प्रतिशत	१.७५	५.०९	५.०२	३.२०	२.३७	-	-	-	-	-	-

Source: Annual report of Shikhar Insurance Co. Ltd. 2074/75

Appendix III

Principal indicators of NLG Insurance Co. Ltd.

Major Financial Indicators

S.N	Particular	Indi-cators	Fiscal Year 2079/80	2078/79	2077/78	2076/77	2075/76
	Equity:						
1	Net worth	NPR	2,987,553,510	2,801,920,724	2,605,466,455	2,307,642,315	1,675,645,548
2	Number of Shares	No.s	14,592,758	13,266,144	10,085,422	10,085,422	6,404,063
3	Book value per shares	NPR	205	211	258	229	262
4	Net Profit	NPR	208,095,142	211,806,237	159,890,784	259,476,500	202,436,454
5	Earning per Shares (EPS)	NPR	14.26	15.97	14.66	25.78	31.61
6	Dividend per Shares (DPS)	NPR	5.79	10.53	10.53	10.53	7.37
7	Market Price per Shares (MPPS)	NPR	840	478	1,220	657	930
8	Price Earning Ratio (PE Ratio)	Ratio	59	30	83	25	29
9	Change in Equity	%	6.63%	7.54%	12.91%	37.72%	15.74%
10	Return on Equity	%	6.97%	7.56%	6.14%	11.24%	12.08%
11	Capital to Total Net Assets Ratio	%	48.85%	47.35%	20.46%	21.20%	38.22%
12	Capital to Technical Reserve Ratio	%	243.14%	198.42%	151.40%	165.42%	100.40%
13	Affiliate Ratio	%	-	-	-	-	-
	Business:						
14	Total Premium Growth Rate						
	Property	%	5.95%	8.46%	30.15%	9.39%	7.98%
	Motor	%	-0.82%	14.76%	8.09%	-1.46%	12.78%
	Marine	%	-18.31%	44.14%	73.04%	-7.86%	10.33%
	Engineering	%	-2.91%	46.10%	11.80%	19.23%	-19.43%
	Micro	%	-13.61%	-90.06%	27.87%	9173.21%	0.00%
	Aviation	%	124.48%	-56.32%	33.76%	61.32%	0.00%
	Cattle and Crop	%	-0.93%	-12.15%	50.04%	18.85%	44.16%
	Miscellaneous	%	13.32%	31.98%	-3.22%	6.23%	7.21%
15	Net Premium Growth Rate	%					
	Property	%	15.64%	-5.35%	114.56%	-14.63%	-9.83%
	Motor	%	7.13%	13.16%	-8.51%	-13.56%	-2.67%
	Marine	%	-42.36%	28.32%	39.29%	-19.74%	-1.13%
	Engineering	%	8.75%	12.80%	90.16%	-38.84%	80.24%
	Micro	%	11.16%	-91.07%	122.00%	3826.32%	0.00%
	Aviation	%	-183.99%	-156.48%	25.05%	85.63%	0.00%
	Cattle and Crop	%	-22.29%	-11.99%	50.46%	17.45%	11.93%
	Miscellaneous	%	24.94%	25.55%	1.95%	6.04%	0.58%
16	Net Insurance Premium/ Gross Insurance Premium						
	Property	%	10.68%	9.78%	11.21%	6.80%	8.71%
	Motor	%	52.46%	48.57%	49.26%	58.20%	66.35%
	Marine	%	11.09%	15.71%	17.65%	21.93%	25.18%
	Engineering	%	8.25%	7.37%	9.54%	5.61%	10.94%
	Micro	%	84.99%	66.05%	73.51%	42.34%	100.00%
	Aviation	%	28.60%	-76.44%	59.12%	63.23%	54.95%
	Cattle and Crop	%	18.00%	22.95%	22.90%	22.84%	23.11%
	Miscellaneous	%	24.45%	22.17%	23.31%	22.13%	22.16%
17	Reinsurance Commission Income/ Gross Reinsurance Premium	%	23.54%	21.26%	24.19%	27.07%	26.41%
18	Gross Premium Revenue/ Equity	%	80.54%	84.26%	81.00%	78.03%	99.42%
19	Net Premium Revenue/ Equity	%	24.71%	23.87%	26.00%	29.24%	41.59%
20	Gross Insurance Premium/Total Assets	%	41.22%	40.53%	54.16%	50.01%	56.55%
21	Return on Investments & Loan/ Total investment & loan amount	%	8.55%	8.30%	9.68%	8.95%	8.77%
22	Net Profit/ Gross Insurance Premium	%	8.65%	9.62%	9.70%	14.58%	12.15%
	Expenses:						
23	Reinsurance Ratio	%	69.15%	71.60%	67.56%	64.10%	57.88%
24	Management expenses/ Gross Insurance Premium	%	15.63%	14.49%	13.22%	14.01%	15.79%
25	Agent Related Expenses/ Gross Insurance Premium	%	2.23%	2.40%	3.08%	3.19%	3.19%
26	Agent Related Expenses/Management Expenses	%	14.28%	16.55%	23.30%	22.76%	20.21%
27	Employee Expenses/ Management Expenses	%	65.01%	65.83%	65.45%	65.46%	62.38%
28	Employee Expenses/ Number of Employees	Amt.	580,863	553,202	452,399	630,577	434,221
29	Expense Ratio (Underwriting Expense/Net Written Premium)	%	57.39%	52.20%	49.91%	55.75%	42.51%
30	Commission Ratio (Commission Expense/Net Written Premium)	%	9.91%	11.75%	9.67%	9.80%	8.06%
31	Loss Ratio {(Claim Paid + change in reserve)/ (Net Written Premium)}	%	63.51%	76.55%	66.20%	76.29%	61.41%
32	Combined Ratio (Loss Ratio + Expense Ratio)'	%	120.90%	128.75%	116.11%	132.04%	103.92%
	Assets:						
33	Increment in Investment Held	%	3.19%	-6.65%	11.03%	8.25%	8.76%
34	Return on Assets	%	3.56%	3.64%	2.98%	5.46%	5.22%
35	Long term Investments/Total Investments	%	21.66%	24.52%	34.82%	22.67%	41.47%
36	Short term Investments/Total Investments	%	78.34%	75.48%	65.18%	77.33%	58.53%
37	Total Investment & Loan/Gross Insurance Contract Liabilities	%	116.77%	96.88%	116.06%	128.26%	137.81%
38	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	12.86%	10.74%	5.22%	2.34%	1.72%
39	Investment in Shares/ Total Net Assets	%	4.42%	10.39%	6.19%	6.91%	9.97%
40	Liquidity Ratio	%	299.62%	293.16%	252.69%	230.76%	193.54%
	Liabilities:						
41	Solvency Margin	%	1.73	3.73	4.45	4.44	1.64
42	Increment in Gross Insurance Contract Liabilities	%	-14.37%	12.89%	27.03%	12.60%	12.00%
43	Net Technical Reserve/ Average of Net Claim Paid for Last 3 Years	%	113.95%	138.93%	171.15%	134.89%	-
44	Actuarial Provision	Amt.	2,136,360,400	2,495,008,053	2,210,214,257	1,739,934,158	1,545,199,290
45	Technical Provisions/ Total Equity	%	20.09%	23.86%	27.79%	26.42%	-
46	Insurance Debt/ Total Equity	%	-	-	-	-	-
47	Outstanding Claim/ Claim Intimated	%	40.61%	52.23%	58.92%	63.40%	62.08%
48	No. of Outstanding Claim/ No. of Intimated Claim	%	37.73%	39.78%	50.88%	39.96%	34.40%
49	Total Number of Inforce Policies	No.s	201,816	212,506	226,257	207,332	190,080
50	Number of Renewed Policy/ Last Year's Total Insurance Policies	%	22.40%	20.42%	20.90%	17.60%	19.97%
51	Number of Intimated Claim/ Total Number of Insurance Policy	%	6.07%	5.77%	5.28%	3.35%	3.65%
	Others:						
52	Number of Offices	No.s	82	82	72	49	49
53	Number of Agents	No.s	336	533	470	350	350
54	Number of Surveyor	No.s	265	210	92	92	70
55	Number of Employees	No.s	421	407	385	365	273

Source: Annual report of NLG Insurance Co. Ltd. 2079/80

प्रमुख सूचकाङ्कहरू

क्र.सं.	विवरण	सूचकाङ्क	आ.ब.				
			आ.ब.२०७०।७१	आ.ब.२०७१।७२	आ.ब. २०७२।७३	आ.ब.२०७३।७४	आ.ब.२०७४।७५
१	नेट वर्थ	रु.	६७,७८,४६,९०८	८१,७०,९०,४५३	१,०५,००,२७,७९५	१,२७,४१,६४,३१३	१,५१,९८,०४,५०२
२	शेयर संख्या	संख्या	२९,७०,०००	३४,१५,५००	४०,९८,६००	५१,२३,२५०	६४,०४,०६३
३	प्रति शेयर किताबी मूल्य	रु.	२२८	२३९	२५६	२४९	२३७
४	खुद नाफा	रु.	१७,२८,३४,४५१	१५,२८,१४,१०९	२२,९५,१३,८११	२३,०९,९७,५४८	२४,७८,२२,५०२
५	प्रति शेयर आय (EPS)	रु.	५८.१९	४७.८६	६१.०९	३६.०७	३८.७०
६	प्रति शेयर लाभांश (DPS)	रु.	२१.००	२१.००	२६.३२	२६.३२	-
७	प्रति शेयर बजार मूल्य (MPPS)	रु.	८६३.००	५५९.००	१,९७०.००	१,४८५.००	९३०.००
८	मूल्य आम्दानी अनुपात (PE Ratio)	अनुपात	१५.००	१२.००	३५.१८	४१.१७	२४.०३
९	खुद बीमाशुल्क/कुल बीमाशुल्क	प्रतिशत	५८.००	४९.००	५०.८७	५१.५२	४५.९५
१०	खुद नाफा/कुल बीमाशुल्क	प्रतिशत	२२.००	१५.००	१८.८३	१६.९७	१६.४७
११	कुल बीमाशुल्क/कुल सम्पत्ति	प्रतिशत	५९.००	५२.००	५८.७३	५९.००	५५.७१
१२	लगानी र कर्जाबाट आय/कुल लगानी र कर्जा	प्रतिशत	१०.००	९.००	४.८७	५.९६	९.४६
१३	पुनर्बीमा कमिशन आय/कुल पुनर्बीमाशुल्क	प्रतिशत	२१.००	२६.००	२३.०२	२५.२७	२६.४१
१४	व्यवस्थापन खर्च/कुल बीमाशुल्क	प्रतिशत	१४.००	१२.००	१०.७४	१२.४५	१२.६३
१५	बीमा अभिकर्ता सम्बन्धि खर्च/कुल बीमाशुल्क	प्रतिशत	७.००	६.००	३.०२	३.०६	३.११
१६	बीमा अभिकर्ता संख्या	संख्या	२४४	२४४	२०९	२६८	३५०
१७	कर्मचारी संख्या	संख्या	१५२	१८२	२०६	२३६	२७३
१८	कार्यालयको संख्या	संख्या	२७	२८	३०	३४	४९
१९	कर्मचारी खर्च/व्यवस्थापन खर्च	प्रतिशत	६५.००	६२.००	६२.७३	६४.७६	६२.३८
२०	कर्मचारी खर्च/कर्मचारी संख्या	रु.	४,९६,०६२	४,०९,०३९	३,९८,४३२	४,६४,८९९	४,३४,२२१
२१	भुक्तानी हुन बाँकी दावी र कम/भुक्तानी भएको दावी रकम	प्रतिशत	७६.००	४७.००	२८.५२	२२.१२	६८.७८
२२	भुक्तानी हुन बाँकी दावीको संख्या/यस बर्ष भुक्तानी भएको दावीको संख्या	प्रतिशत	३३.००	६२.००	३१.५१	२७.७१	३०.८३
२३	कुल कायम रहेको बीमालेखको संख्या	संख्यामा	१,४३,३८४	१४५,०५४	१,९१,७५६	१,९७,१०१	१,६७,४६१
२४	यस बर्ष नवीकरण भएको बीमालेखको संख्या/गत बर्ष कायम रहेको बीमालेखको संख्या	प्रतिशत	३५.००	१२.००	२०.५५	२४.६७	१६.९७
२५	दावी परेको बीमालेखको संख्या/कुल कायम रहेको बीमालेखको संख्या	प्रतिशत	२.००	३.००	०.८२	३.३३	४.१५
२६	सोल्भेन्सी मार्जिन	प्रतिशत	२.९७	२.६७	३.६६	४.३७	१.४७

Source: Annual report of NLG Insurance Co. Ltd. 2074/75

Appendix IV

Principal indicators of Nepal Insurance Co. Ltd.

Major Financial Indicator

Fig. in NPR

S.N.	Particulars	Indicators	Fiscal Year				
			2079-80	2078-79	2077-78	2076-77	2075-76
	Equity:						
1	Net worth	NPR	2,900,549,910	2,501,926,380	2,245,645,262	1,960,468,988	1,712,761,759
2	Number of Shares	No.s	14,947,654	13,789,958	12,423,386	10,955,367	10,191,039
3	Book value per shares	NPR	194.05	181.43	180.76	178.95	168.07
4	Net Profit	NPR	373,095,379	331,665,411	238,253,692	252,054,729	216,614,278
5	Earning per Shares (EPS)	NPR	24.96	24.05	19.18	23.01	18.26
6	Dividend per Shares (DPS)	NPR	10.53	8.42	11.58	10.00	7.89
7	Market Price per Shares (MPPS)	NPR	820.00	445.90	1,022.00	504.00	354.00
8	Price Earning Ratio (PE Ratio)	Ratio	32.85	18.54	53.29	21.91	19.38
9	Change in Equity	%	16.47	11.41	14.55	14.46	57.20
10	Return on Equity	%	7.03	3.64	6.98	7.25	5.06
11	Capital to Total Net Assets Ratio	%	0.58	0.52	0.50	0.39	0.27
12	Capital to Technical Reserve Ratio	%	3.89	3.47	2.91	2.66	1.73
13	Affiliate Ratio	%	-	-	-	-	-
	Business:						
14	Total Premium Growth Rate						
	Property	%	-0.22	0.55	0.01	-0.03	0.07
	Motor	%	-0.28	0.63	0.21	-0.17	0.52
	Marine	%	-0.44	1.14	-0.17	-0.17	0.07
	Engineering	%	-0.13	0.56	0.32	-0.27	1.18
	Micro	%	-0.33	2.80	34.14	-0.50	
	Aviation	%	19.08	3.81			
	Cattle and Crop	%	-0.03	0.97	0.44	-0.24	0.95
	Miscellaneous	%	-0.05	0.83	0.24	-0.05	0.11
15	Net Premium Growth Rate	%					
	Property	%	0.18	-0.03	-0.14	0.02	-0.03
	Motor	%	-0.12	0.13	0.36	-0.14	0.39
	Marine	%	0.16	0.14	-0.11	-0.23	0.32
	Engineering	%	0.10	0.46	1.31	0.21	-0.29
	Micro	%	-0.32	-1.69	-135.53	-0.50	
	Aviation	%	0.23	3.54			
	Cattle and Crop	%	0.37	-0.73	6.30	-0.24	0.89
	Miscellaneous	%	1.00	0.13	0.33	0.09	-0.15
16	Net Insurance Premium/ Gross Insurance Premium						
	Property	%	0.37	0.24	0.39	0.45	0.43
	Motor	%	0.63	0.52	0.75	0.66	0.64
	Marine	%	0.52	0.25	0.47	0.43	0.47
	Engineering	%	0.22	0.17	0.18	0.10	0.06
	Micro	%	0.70	0.70	-3.83	1.00	1.00
	Aviation	%	0.06	0.94	1.00		
	Cattle and Crop	%	0.20	0.14	1.06	0.21	0.21
	Miscellaneous	%	0.32	0.15	0.24	0.23	0.20
17	Reinsurance Commission Income/ Gross Reinsurance Premium	%	25.69	29.33	14.70	27.52	28.76
18	Gross Premium Revenue/ Equity	%	54.42	63.15	86.90	59.67	59.47
19	Net Premium Revenue/ Equity	%	24.98	27.28	30.19	30.47	28.64
20	Gross Insurance Premium/Total Assets	%	29.68	30.39	40.68	24.68	23.61
21	Return on Investments & Loan	%	8.96	6.69	7.73	7.93	6.39
22	Net Profit/ Gross Insurance Premium	%	24.69	20.99	12.21	21.55	21.27

S.N.	Particulars	Indicators	Fiscal Year				
			2079-80	2078-79	2077-78	2076-77	2075-76
	Expenses:						
23	Reinsurance Ratio	%	54.10	56.80	48.92	51.85	51.76
24	Management expenses/ Gross Insurance Premium	%	23.81	24.97	15.70	25.62	28.88
25	Agent Related Expenses/ Gross Insurance Premium	%	1.24	1.35	1.37	1.45	2.23
26	Agent Related Expenses/Management Expenses	%	0.05	0.05	0.06	0.08	0.10
27	Employee Expenses/ Management Expenses	%	68.77	70.28	68.72	67.07	70.12
28	Employee Expenses/ Number of Employees	Amt.	914,253	1,030,759	746,133	741,870	678,271
29	Expense Ratio (Underwriting Expense/Net Written Premium)	%	26.39	27.69	26.34	34.13	26.99
30	Commission Ratio (Commission Expense/ Net Written Premium)	%	0.03	0.05	0.01	0.05	0.05
31	Loss Ratio {(Claim Paid + change in reserve)/ (Net Written Premium)}	%	34.41	49.55	48.12	32.02	46.21
32	Combined Ratio (Loss Ratio + Expense Ratio)'	%	60.79	77.24	72.86	58.35	80.33
	Assets:						
33	Increment in Investment Held	%	0.04	0.40	0.02	0.20	0.22
34	Return on Assets	%	0.07	0.06	0.05	0.05	0.05
35	Long term Investments/Total Investments	%	0.15	0.16	0.22	0.23	0.35
36	Short term Investments/Total Investments	%	0.85	0.84	0.78	0.77	0.65
37	Total Investment & Loan/Gross Insurance Contract Liabilities	%	2.05	1.87	1.25	1.14	0.97
38	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	6.02	4.32	5.88	8.93	12.52
39	Investment in Shares/ Total Net Assets	%	0.07	0.08	0.09	0.10	0.10
40	Liquidity Ratio	%	153.25	202.35	623.98	406.62	255.29
	Liabilities:						
41	Solvency Margin	%	208.00	396.00	341.00	298.00	207.66
42	Increment in Gross Insurance Contract Liabilities	%	-0.05	-0.07	-0.08	0.03	0.30
43	Net Technical Reserve/ Average of Net Claim Paid for Last 3 Years	%	264.05	394.63	502.45	444.05	304.07
44	Actuarial Provision	Amt.					
45	Technical Provisions/ Total Equity	%	25.72	28.80	36.31	39.35	37.54
46	Insurance Debt/ Total Equity	%	5.13	3.07	6.96	17.20	19.69
47	Outstanding Claim/ Claim Intimated	%	0.79	1.00	0.82	0.85	0.72
48	No. of Outstanding Claim/ No. of Intimated Claim	%	0.57	0.91	0.64	0.62	0.77
49	Total Number of Inforce Policies	No.s	184,438	164,335	162,025	208,668	169,017
50	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	10.60	6.10	5.27	5.83	3.61
51	Number of Intimated Claim/ Total Number of In Force Policy	%	0.04	0.03	0.05	0.02	0.02
	Others:						
52	Number of Offices	No.s	59	57	50	50	50
53	Number of Agents	No.s	62	103	94	247	230
54	Number of Surveyor	No.s	88	76	75	70	55
55	Number of Employees	No.s	284	269	274	276	266

Source: Annual report of Nepal Insurance Co. Ltd. 2079/80

प्रमुख सूचकाङ्कहरू

रकम(रू.)

क्र.सं	विवरण	सूचकाङ्क	आ.व. २०७०/७१	२०७१/७२	२०७२/७३	२०७३/७४	२०७४/७५
१	नेट वर्थ	रू.	४५०,२९०,३४०.०२	४१९,२७६,४६६.९७	४७१,३९५,४२१.७७	५८३,१४३,२८५.५६	१,०५५,०७८,४१४.३४
२	शेयर संख्या	संख्या	२,५८१,६८८.००	२,८७६,०८२.००	२,८७६,०८२.००	२,८७६,०८२.००	६,१७६,३८७.०५
३	प्रति शेयर किताबी मूल्य	रू.	१७४.४२	१४५.७८	१६३.९०	२०२.७६	१७०.८२
४	खुद नाफा	रू.	२८,०३८,००२.७४	(२१,३२४,६१७.०२)	५५,८७९,८२५.१७	११५,१२३,१६२.१७	११८,८०६,१३२.२१
५	प्रति शेयर आय (EPS)	रू.	१०.८६	(७.४१)	१९.४३	४०.०३	२१.४४
६	प्रति शेयर लाभांश (DPS)	रू.	९.४७	-	५.२६	४.५२	७.५०
७	प्रति शेयर बजार मूल्य (MPPS)	रू.	२५०.००	३८९.००	१,२३५.००	१,४३०.००	६५८.००
८	मूल्य आम्दानी अनुपात (PE Ratio)	अनुपात	२३.०२	(५२.५०)	६३.५६	३५.७२	३०.६९
९	खुद बीमाशुल्क/कुल बीमाशुल्क	प्रतिशत	५९.०१	५८.०९	५१.५६	४१.९२	५०.९७
१०	खुद नाफा/कुल बीमाशुल्क	प्रतिशत	३.८८	(२.८०)	७.७३	१५.६१	१३.५२
११	कुल बीमाशुल्क/कुल सम्पत्ति	प्रतिशत	५४.००	४९.३८	४५.७१	४६.८३	३५.१८
१२	लगानी र कर्जाबाट आय/कुल लगानी र कर्जा	प्रतिशत	७.०२	१४.१३	५.६२	५.५७	६.२८
१३	पुनर्बीमा कमिशन आय/कुल पुनर्बीमाशुल्क	प्रतिशत	२४.४६	२६.६०	२४.८२	२५.६७	२६.१९
१४	व्यवस्थापन खर्च/कुल बीमाशुल्क	प्रतिशत	१६.२२	१५.८४	१६.९७	१८.५९	१८.४५
१५	बीमा अभिकर्ता सम्बन्धि खर्च/कुल बीमाशुल्क	प्रतिशत	६.४०	५.५१	२.८३	२.६१	२.१९
१६	बीमा अभिकर्ता संख्या	संख्या	१०२	१०८	१३३	१६३	१२९
१७	कर्मचारी संख्या	संख्या	१३७	१३९	१३७	१३९	१८९
१८	कार्यालयको संख्या	संख्या	१७	१९	१९	१९	३४
१९	कर्मचारी खर्च/व्यवस्थापन खर्च	प्रतिशत	७२.३८	७३.९९	७३.९४	७३.७७	६९.५१
२०	कर्मचारी खर्च/कर्मचारी संख्या	रू.	६१८,८०९.७०	६४१,४५५.७२	६६२,१४४.२०	७२७,६४५.५१	५९६,३३३.२२
२१	भुक्तानी हुन बँकी दावी रकम/भुक्तानी भएको दावी रकम	प्रतिशत	८५.७९	२१८.९१	९१.८७	११४.२०	१६९.४६
२२	भुक्तानी हुन बँकी दावीको संख्या/यस वर्ष भुक्तानी भएको दावीको संख्या	प्रतिशत	७७.८६	१९२.००	९९.००	११६.०७	१२२.८४
२३	कुल कायम रहेको बीमालेखको संख्या	संख्यामा	६१,६३७.००	६३,०५९.००	६०,३९९.००	५८,९७५.००	१०२,२०४.००
२४	यस वर्ष नवीकरण भएको बीमालेखको संख्या/गत वर्ष कायम रहेको बीमालेखको संख्या	प्रतिशत	११.०५	१३.२४	८.५७	१४.३५	१०.८४
२५	दावी परेको बीमालेखको संख्या/कुल कायम रहेको बीमालेखको संख्या	प्रतिशत	३.४०	५.५५	३.४७	३.०६	२.०५
२६	सोल्भेन्सी मार्जिन	अनुपात	१.९३	२.२५	१.७५	२.५०	१.३४
२७	कुल बीमाशुल्कमा वृद्धि	प्रतिशत	३.१४	५.३५	(४.९९)	२.०४	१९.१४
२८	खुद बीमाशुल्कमा वृद्धि	प्रतिशत	२.६६	३.७१	(१५.६८)	(१७.०४)	४४.८८
२९	लगानीमा वृद्धि	प्रतिशत	२९.६३	५.५०	(९.५९)	१६.२१	५९.७६
३०	पूँजी र खुद जम्मा सम्पत्तिको पूंजी अनुपात	अनुपात	०.२२	०.२४	०.१९	०.३२	०.३०
३१	खुद बीमाशुल्कमा र पूँजी अनुपात	अनुपात	१.५१	१.२२	१.२२	०.६२	०.६२
३२	सूचिकृत नभएको शेयरमा लगानी तथा आसामी र खुद जम्मा सम्पत्ति	अनुपात	०.१३	०.१५	०.१८	०.१५	०.१७
३३	शेयरमा भएको लगानी र खुद जम्मा सम्पत्ति	प्रतिशत	४.४७	३.८६	३.७३	३.७७	३.३१
३४	पुनर्बीमकले भुक्तानी गर्न बांकी रकम र पुनर्बीमकलाई जारी गरेको बिजक रकम	प्रतिशत	४९.०९	६२.५९	७४.७९	३४.५३	७५.९९
३५	खुद जोखिम धारण अनुपात	अनुपात	०.५९	०.५८	०.५२	०.४२	०.५१
३६	खुद टेक्निकल रिजर्भ र गत तीन वर्षको खुद दावी भुक्तानीको औसत	प्रतिशत	८९.०३	१६७.३४	१०१.३८	५४.९२	१०८.३३
३७	दावी अनुपात	अनुपात	०.४६	१.१८	०.८४	०.५३	०.५५
३८	खर्च अनुपात	अनुपात	०.२०	०.१६	०.१३	०.१२	०.१३
३९	कमिशनको अनुपात	अनुपात	(०.०६)	(०.१०)	(०.१८)	(०.२९)	(०.२१)
४०	जम्मा खर्च अनुपात	अनुपात	०.६६	१.३४	०.९७	०.६४	०.६८
४१	कुल व्यवस्थापन खर्च र कुल बीमा शुल्क	प्रतिशत	१६.२२	१५.८४	१६.९७	१८.५९	१८.४५
४२	व्यवसाय प्रवर्द्धन खर्च र खुद बीमा शुल्क	प्रतिशत	१.२०	१.२५	१.१०	१.५७	१.४७
४३	लगानीबाट आय र खुद बीमा शुल्क	प्रतिशत	३.०९	२२.९४	(९.८४)	२.३६	९.९१
४४	पूँजीमा प्रतिफल	प्रतिशत	४.५०	(१६.९७)	५.५३	१३.२६	९.६८

Source: Annual report of Nepal Insurance Co. Ltd. 2074/75

Appendix V

Principal indicators of Prabhu Insurance Ltd.

Major Financial Indicator

Fig. in NPR

S.N.	Particular	Indicators	Fiscal Year 2079/80	2078/79	2077/78	2076/77	2075/76
	Equity:						
1	Net worth	NPR	2,657,461,190.08	2,380,722,359.00	2,200,394,452.00	1,975,358,553.00	1,849,452,766.00
2	Number of Shares	No.s	13,761,222.60	12,897,116.00	11,619,023.28	10,562,748.44	10,050,759.00
3	Book value per shares	NPR	193.11	185.00	189.00	184.00	211.00
4	Net Profit	NPR	225,046,535.07	186,125,748.00	223,514,216.00	258,442,350.00	257,418,053.00
5	Earning per Shares (EPS)	NPR	16.35	14.00	19.00	24.00	24.00
6	Dividend per Shares (DPS)	NPR	5.00	7.05	11.58	10.53	16.32
7	Market Price per Shares (MPPS)	NPR	747.00	428.00	960.00	493.00	364.00
8	Price Earning Ratio (PE Ratio)	Ratio	45.68	30.00	50.00	20.00	15.20
9	Change in Equity	%	11.62%	8.20%	11.39%	6.81%	27.15%
10	Return on Equity	%	8.47%	14.00%	19.00%	26.00%	35.00%
11	Capital to Total Net Assets Ratio	%	28.09%	29.71%	27.58%	30.69%	35.18%
12	Capital to Technical Reserve Ratio	%	86.02%	74.99%	65.95%	94.43%	126.24%
13	Affiliate Ratio	%	0.00%	0.00%	0.00%	0.00%	0.00%
	Business:						
14	Total Premium Growth Rate						
	Property	%	15%	17%	14%	2%	7%
	Motor	%	15%	19%	36%	-21%	1%
	Marine	%	-14%	-4%	57%	-21%	9%
	Engineering	%	313%	72%	-43%	134%	-18%
	Micro	%	4%	-95%	63%	-54%	57%
	Aviation	%	-83%	-31%	-50%	216%	46%
	Cattle and Crop	%	203%	49%	-14%	8%	797%
	Miscellaneous	%	3%	12%	75%	28%	7%
15	Net Premium Growth Rate	%	10%	1%	-5%	10%	18%
	Property	%	14%	-22%	-16%	27%	1%
	Motor	%	0%	10%	7%	-26%	8%
	Marine	%	735%	-21%	55%	-7%	-18%
	Engineering	%	44%	-11%	1%	49%	15%
	Micro	%	-83%	8%	1%	-54%	2%
	Aviation	%	-37%	-13%	9%	63%	217%
	Cattle and Crop	%	420%	-10%	-22%	0%	1384%
	Miscellaneous	%	1%	1%	41%	23%	14%
16	Net Insurance Premium/ Gross Insurance Premium						
	Property	%	30%	30%	46%	62%	50%
	Motor	%	48%	55%	59%	75%	80%
	Marine	%	134%	14%	17%	17%	14%
	Engineering	%	7%	19%	37%	21%	33%
	Micro	%	81%	498%	24%	100%	100%
	Aviation	%	19%	5%	4%	2%	4%
	Cattle and Crop	%	29%	17%	28%	31%	33%
	Miscellaneous	%	40%	41%	45%	56%	58%
17	Reinsurance Commission Income/ Gross Reinsurance Premium	%	20%	15%	18%	21%	38%
18	Gross Premium Revenue/ Equity	%	59%	1%	1%	1%	1%
19	Net Premium Revenue/ Equity	%	21%	22%	23%	28%	32%
20	Gross Insurance Premium/Total Assets	%	31%	32%	34%	37%	37%
21	Return on Investments	%	5%	5%	5%	6%	6%
22	Net Profit/ Gross Insurance Premium	%	14%	13%	15%	25%	27%

	Expenses:						
23	Reinsurance Ratio	%	67%	67%	57%	70%	50%
24	Management expenses/ Gross Insurance Premium	%	17%	16%	13%	20%	18%
25	Agent Related Expenses/ Gross Insurance Premium	%	2%	2%	2%	3%	2%
26	Agent Related Expenses/Management Expenses	%	0%				
27	Employee Expenses/ Management Expenses	%	79%	62%	70%	63%	82%
28	Employee Expenses/ Number of Employees	Amt.	761,981.00	584,648.00	646,825.00	774,276.00	802,953.00
29	Expense Ratio (Underwriting Expense/Net Written Premium)	%	52%	6%	7%	6%	52%
30	Commission Ratio (Commission Expense/Net Written Premium)	%	6%	54%	48%	44%	41%
31	Loss Ratio {(Claim Paid + change in reserve)/(Net Written Premium)}	%	16%	48%	42%	37%	36%
32	Combined Ratio (Loss Ratio + Expense Ratio)'	%	34%	54%	48%	44%	41%
	Assets:						
33	Increment in Investment Held	%	34.11%	4.92%	5.27%	5.93%	5.28%
34	Return on Assets	%	4.47%	5.00%	4.00%	7.00%	9.00%
35	Long term Investments/Total Investments	%	28.20%	28.15%	29.45%	29.90%	30.00%
36	Short term Investments/Total Investments	%	71.80%	69.05%	70.55%	70.10%	70.00%
37	Total Investment & Loan/Gross Insurance Contract Liabilities	%	119.99%	83.00%	73.00%	81.00%	88.00%
38	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	2.79%	4.79%	11.24%	10.56%	9.36%
39	Investment in Shares/ Total Net Assets	%	8.93%	21.00%	23.00%	21.00%	21.00%
40	Liquidity Ratio	%	9.64%	24.00%	52.00%	24.00%	35.00%
	Liabilities:						
41	Solvency Margin	%	1.94%	1.73%	2.27%	1.55%	1.54%
42	Increment in Gross Insurance Contract Liabilities	%	-7%	3%	58%	40%	16%
43	Net Technical Reserve/ Average of Net Claim Paid for Last 3 Years	%	-53%	46%	37%	29%	36%
44	Actuarial Provision	Amt.	102,398,324.00	83,201,225.00	62,074,550.00	61,250,745.00	48,670,495.00
45	Technical Provisions/ Total Equity	%	4%	3%	3%	3%	3%
46	Insurance Debt/ Total Equity	%	37%	2%	3%	5%	1%
47	Outstanding Claim/ Claim Intimated	%	41%	38%	38%	29%	37%
48	No. of Outstanding Claim/ No. of Intimated Claim	%	10%	14%	48%	61%	57%
49	Total Number of Inforce Policies	No.s	118,630.00	120,455.00	96,267.00	72,100.00	86,243.00
50	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	27%	30%	23%	22%	20%
51	Number of Intimated Claim/ Total Number of In Force Policy	%	12%	19%	14%	8%	8%
	Others:						
52	Number of Offices	No.s	55	55.00	54.00	51.00	44.00
53	Number of Agents	No.s	172	158.00	123.00	64.00	69.00
54	Number of Surveyor	No.s	288	220.00	187.00	156.00	145.00
55	Number of Employees	No.s	252	236.00	212.00	180.00	168.00

Source: Annual report of Prabhu Insurance Ltd. 2079/80

प्रमुख सूचकाङ्क

विगत ५ वर्षको परिसूचकहरु

अनुसूची २७

क्र.सं.	विवरण	सूचकाङ्क	आ.ब. ०७४.७५	आ.ब. ०७३.७४	आ.ब. ०७२.७३	आ.ब. ०७१.७२	आ.ब. ०७०.७१
१	नेट वर्थ	रु.	१,३४६,४५३,५७७	१,१०८,४९०,९२०	७१८,३०१,५८९	५७१,३४६,६३६	३८१,२५६,२२५
२	शेयर संख्या	संख्या	६,८८४,०८२	५,७७५,२३६	३,२९०,७३३	२,९३८,१११	१,८२६,२१२
३	प्रति शेयर किताबी मूल्य	रु.	१९६	१९२	२१८	१९४	२०९
४	खुद नाफा	रु.	२४२,२७८,६०८	१६४,७५५,७७३	१४९,३७२,९७६	९५,९७४,११०	५८,५००,१३८
५	प्रति शेयर आय (EPS)	रु.	३५	२९	४५	३३	३२
६	प्रति शेयर लाभांश (DPS)	रु.	-	१९	१७	१२	१२
७	प्रति शेयर बजार मूल्य (MPPS)	रु.	५३५	१,०००	१,४७०	३५०	५८३
८	मूल्य आम्दानी अनुपात (PE Ratio)	अनुपात	१५	३५	३२	११	१८
९	खुद बीमाशुल्क/कूल बीमाशुल्क	प्रतिशत	५१	४७	५७	५०	५५
१०	खुद नाफा/कूल बीमाशुल्क	प्रतिशत	२७	२०	२०	१३	९
११	कुल बीमाशुल्क/कुल सम्पत्ति	प्रतिशत	४१	५०	६१	६५	७३
१२	लगानी र कर्जाबाट आय/कुल लगानी र कर्जा	प्रतिशत	६	२	४	४	५
१३	पुनर्बीमा कमिशन आय/कुल पुनर्बीमा शुल्क	प्रतिशत	३१	२९	२४	१६	१९
१४	व्यवस्थापान खर्च/कुल बीमाशुल्क	प्रतिशत	१४	१४	१३	१२	१२
१५	बीमा अभिकर्ता सम्बन्धि खर्च/कुल बीमाशुल्क	प्रतिशत	२	३	२	७	८
१६	बीमा अभिकर्ता संख्या	संख्या	११३	७८	७४	६५	५३
१७	कर्मचारी संख्या	संख्या	१६२	१२८	११६	११४	१०८
१८	कार्यालयको संख्या	संख्या	३३	२३	१९	१९	११
१९	कर्मचारी खर्च/व्यवस्थापन खर्च	प्रतिशत	५९	६१	५५	५२	५०
२०	कर्मचारी खर्च/कर्मचारी संख्या	रु.	४७२,४२७	५६१,३७९	४६६,३१०	३९३,८९०	३६७,८१२
२१	भुक्तानी हुन बांकी दावी रकम/भुक्तानी भएको दावी रकम	प्रतिशत	४३	२९	२३	२६	२०
२२	भुक्तानी हुन बांकी दावीको संख्या/यस वर्ष भुक्तानी भएको दावीको संख्या	प्रतिशत	१२२	१०२	४८	९०	३५
२३	कुल कायम रहेको बीमालेखको संख्या	संख्या	९४,५७२	७२,८७४	७१,३४६	७२,२१५	६८,६७७
२४	यस वर्ष नवीकरण भएको बीमालेखको संख्या/गत वर्ष कायम रहेको बीमालेखको संख्या	प्रतिशत	८२	१२५	१०६	१६१	१२६
२५	दावी परेको बीमालेखको संख्या/कुल कायम रहेको बीमालेखको संख्या	प्रतिशत	४	५	८	५	६
२६	सोल्भेन्सी मार्जिन	प्रतिशत	१	५	३	२	-
२७	**व्यवसायको परिदृश्य**			-	-	-	-
२७.१	कूल बीमाशूल्कमा वृद्धि (यस वर्ष संगको तूलनात्मक)	प्रतिशत	८	-	-	-	-
२७.२	कूल बीमाशूल्कमा वृद्धि (अघिल्लो वर्ष संगको तूलनात्मक)	प्रतिशत	६	-	-	-	-
२८.१	खुद बीमाशूल्कमा वृद्धि (यस वर्ष संगको तूलनात्मक)	प्रतिशत	३२	-	-	-	-
२८.१.१	अग्नी बिमा	प्रतिशत	६६	-	-	-	-
२८.१.२	मोटर बिमा	प्रतिशत	२९	-	-	-	-
२८.१.३	सामूद्रिक बिमा	प्रतिशत	२९	-	-	-	-
२८.१.४	इन्जिनियरिङ तथा ठेकेदार जोखिम बिमा	प्रतिशत	८६	-	-	-	-
२८.१.५	हवाई बिमा	प्रतिशत	१३	-	-	-	-
२८.१.६	विविध बिमा	प्रतिशत	१२	-	-	-	-
२९.२.१	अग्नी बिमा	प्रतिशत	३	-	-	-	-
२९.२.२	मोटर बिमा	प्रतिशत	१	-	-	-	-
२९.२.३	सामूद्रिक बिमा	प्रतिशत	१२	-	-	-	-
२९.२.४	इन्जिनियरिङ तथा ठेकेदार जोखिम बिमा	प्रतिशत	३०	-	-	-	-
२९.२.५	हवाई बिमा	प्रतिशत	३९	-	-	-	-
२९.२.६	विविध बिमा	प्रतिशत	२०	-	-	-	-
३०	लगानीमा वृद्धि	प्रतिशत	(३)	-	-	-	-
	पूँजी प्रयाप्तता			-	-	-	-
३१	पूँजी र खुद जम्मा सम्पत्तिको अनुपात	प्रतिशत	६१	-	-	-	-
३२	खुद बीमाशुल्क र पूँजी अनुपात	प्रतिशत	३५	-	-	-	-
	सम्पत्ती गुणस्तर र कर्जा नियन्त्रण			-	-	-	-

३३	सूचिकृत नभएको शेयरमा रहेको लगानी तथा						
	आसामी र खुद जम्मा सम्पत्ति	प्रतिशत	४०	-	-	-	-
३४	शेयरमा भएको लगानी र खुद जम्मा सम्पत्ति	प्रतिशत	२	-	-	-	-
३५	पूनर्बीमकले भुक्तानी गर्न बैंकी रकम र पूनर्बीमकलाई						
	जारी गरेको बिजकको रकम	प्रतिशत	(९)	-	-	-	-
	पुनर्बीमा र बीमांङ्कीय			-	-	-	-
३६	खुद जोखिम धारण अनुपात	प्रतिशत	५१	-	-	-	-
३७	अग्नी बिमा	प्रतिशत	५४	-	-	-	-
३७.२	मोटर बिमा	प्रतिशत	७५	-	-	-	-
३७.३	सामून्द्रिक बिमा	प्रतिशत	१९	-	-	-	-
३७.४	इन्जिनियरिङ तथा ठेकेदार जोखिम बिमा	प्रतिशत	२३	-	-	-	-
३७.५	हवाई बिमा	प्रतिशत	२	-	-	-	-
३७.६	विविध बिमा	प्रतिशत	५४	-	-	-	-
३८	खुद टेक्निकल रिजर्भ र गत तीन वर्षको						
	खुद बीमाशुल्कको औषत	प्रतिशत	५४	-	-	-	-
	खर्च बिश्लेषण			-	-	-	-
३९	दाबी अनुपात	प्रतिशत	३०	-	-	-	-
४०	खर्च अनुपात	प्रतिशत	५	-	-	-	-
४१	कमिशनको अनुपात	प्रतिशत	(२७)	-	-	-	-
४२	जम्मा खर्च अनुपात	प्रतिशत	३५	-	-	-	-
४३	व्यवसाय प्रवर्द्धन खर्च र खुद बीमाशुल्क	प्रतिशत	१	-	-	-	-
	लगानी र प्रतिफल			-	-	-	-
४४	लगानीबाट आय प्रतिफल	प्रतिशत	९	-	-	-	-
४५	पूँजीमा प्रतिफल	प्रतिशत	८	-	-	-	-

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