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Research Paper

EVALUATING THE FINANCIAL PERFORMANCE OF BAJAJ ALLIANZ LIFE INSURANCE: A RATIO-BASED ANALYSIS OF LIQUIDITY, PROFITABILITY, AND TURNOVER EFFICIENCY FROM 2021-22 TO 2025-26

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Abstract

Financial performance analysis helps stakeholders judge whether a company is able to meet its obligations, earn adequate returns, and use its resources efficiently. In the life insurance sector, these questions are particularly important because insurers hold long-term commitments to policyholders while operating in an increasingly competitive market. This study evaluates the financial performance of Bajaj Allianz Life Insurance, renamed Bajaj Life Insurance Limited in October 2025, over the five financial years from 2021-22 to 2025-26. A descriptive and analytical research design is adopted, using secondary data drawn from the company's annual reports. Nine financial ratios are examined under three groups: liquidity ratios (current ratio, quick ratio, absolute liquid ratio, and cash ratio), profitability ratios (gross profit, net profit, and operating profit ratios), and turnover ratios (debtors turnover and inventory turnover ratios). The results show that the current ratio declined from 0.88 to 0.67 and the quick ratio from 0.51 to 0.40, indicating a weakening short-term liquidity position as current liabilities grew faster than current assets. Sales increased by about 47 percent during the period, but the net profit ratio fell from 15.56 percent to 11.37 percent and the operating profit ratio declined steadily from 24.65 percent to 15.35 percent, showing that profits did not keep pace with business growth. In contrast, the debtors turnover ratio improved from 8.45 to 10.40 times and the inventory turnover ratio from 6.71 to 8.77 times, reflecting better utilisation of resources. The paper concludes that the company has expanded its business and improved operating efficiency, but it needs to strengthen liquidity management and control operating costs to sustain profitability in the coming years.

Keywords: Financial Performance, Ratio Analysis, Liquidity, Profitability, Turnover Ratios, Life Insurance, Bajaj Allianz Life Insurance, Trend Analysis.

I. INTRODUCTION

The insurance sector plays an important role in the economic development of a country. Life insurance provides financial protection to families against the risk of death or disability, encourages long-term savings, and mobilises funds that can be invested in infrastructure and other productive sectors. In India, the life insurance business was dominated for several decades by the public sector. The establishment of the Insurance Regulatory and Development Authority of India (IRDAI) in 1999 opened the sector to private companies, many of which entered the market through joint ventures with foreign insurers. Since then, competition has increased in product design, pricing, distribution, and customer service.

Bajaj Allianz Life Insurance was incorporated in 2001 as a joint venture between Bajaj Finserv

Limited and Allianz SE, the German insurance and asset-management group. Headquartered in Pune, Maharashtra, the company offers term insurance, savings plans, unit-linked insurance plans (ULIPs), retirement plans, child plans, and group insurance solutions through branches, agents, bancassurance partners, and digital channels. Following Bajaj Finserv's acquisition of the 26 percent stake held by Allianz SE, the company was renamed Bajaj Life Insurance Limited with effect from 7 October 2025. Since most of the study period falls before this change, the earlier name is used in this paper.

Financial statements summarise the results of a company's operations and its financial position at a point in time. They are used by several groups, including policyholders, investors, lenders, employees, regulators, and management. However, the figures in the balance sheet and the profit and loss account become meaningful only when they are analysed and compared. Financial statement analysis helps users understand whether a company can pay its short-term obligations, whether it earns adequate profits on its business, and whether it uses its assets efficiently.

Ratio analysis is one of the most widely used techniques of financial statement analysis. It expresses the relationship between two related accounting figures and allows comparison across years and with established standards. Liquidity ratios measure the ability of a company to meet its current liabilities, profitability ratios measure the earning capacity of the business, and turnover ratios indicate how efficiently resources such as receivables and inventories are used. When ratios are studied over several years, trend analysis reveals whether the financial position of the company is improving, stable, or deteriorating.

Earlier research has shown that the financial performance of insurance companies depends on firm-specific factors such as size, liquidity, operating margin, cost efficiency, and premium growth [1], [5]. Studies on life insurers have also highlighted that rapid premium growth without adequate control over costs and pricing can reduce profitability [3]. Research on Indian insurers has examined the influence of liquidity, capital, tangibility, and underwriting risk on profitability [8], [9]. These findings suggest that a careful examination of liquidity, profitability, and efficiency indicators is useful for understanding the financial health of an individual insurer.

The present study analyses the financial performance of Bajaj Allianz Life Insurance for the five financial years from 2021-22 to 2025-26. It examines nine financial ratios grouped under liquidity, profitability, and turnover, identifies the trends in these ratios, and interprets their implications for the company's financial position. The study also offers suggestions for improving liquidity management, cost control, and long-term profitability.

II. RESEARCH OBJECTIVES

- To study the financial performance of Bajaj Allianz Life Insurance over the five-year period from 2021-22 to 2025-26.
- To analyse the short-term liquidity position of the company using the current ratio, quick ratio, absolute liquid ratio, and cash ratio.
- To evaluate the profitability of the company through the gross profit ratio, net profit ratio, and operating profit ratio.
- To examine the efficiency of resource utilisation using the debtors turnover ratio and inventory turnover ratio.
- To identify the trends in the major financial indicators and compare the growth in sales with the growth in profits.
- To identify the strengths and weaknesses in the financial position of the company.
- To suggest suitable measures for improving the liquidity, profitability, and overall financial performance of the company.

III. RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive and analytical research design. It is a single-company case study that evaluates the financial performance of Bajaj

Allianz Life Insurance using ratio analysis and trend analysis. The descriptive part explains the financial position of the company, while the analytical part interprets the changes in the selected ratios over the study period.

Nature and Sources of Data

The study is based on secondary data. The financial figures were taken from the annual reports of the company for the years 2021-22 to 2025-26, and all amounts are expressed in Rupees lakhs. Supporting information was obtained from published research papers, academic journals, books on financial management, IRDAI publications, and the official website of the company.

Sampling Method and Sample Size

Bajaj Allianz Life Insurance was selected purposively because it is one of the leading private life insurers in India. The study covers a period of five financial years from 2021-22 to 2025-26. The closing balances of trade receivables and inventories for 2020-21 were used only to calculate the average balances required for the turnover ratios of 2021-22.

Data Collection Tool and Analysis

The data were analysed using ratio analysis and trend analysis. The ratios were calculated as follows: current ratio = current assets / current liabilities; quick ratio = (current assets - inventories) / current liabilities; absolute liquid ratio and cash ratio = cash and cash equivalents / current liabilities; gross profit, net profit, and operating profit ratios = respective profit / sales x 100; debtors turnover ratio = net credit sales / average trade receivables; and inventory turnover ratio = sales / average inventories. Microsoft Excel was used for tabulation, calculation, and preparation of bar charts. The ratios were interpreted with reference to conventional benchmarks and their year-to-year trend.

Variables Considered

Variable category	Factors / indicators
Liquidity ratios	Current ratio, quick ratio, absolute liquid ratio, cash ratio
Profitability ratios	Gross profit ratio, net profit ratio, operating profit ratio
Turnover ratios	Debtors turnover ratio, inventory turnover ratio
Financial performance	Short-term solvency, earning capacity, operating efficiency, five-year trend

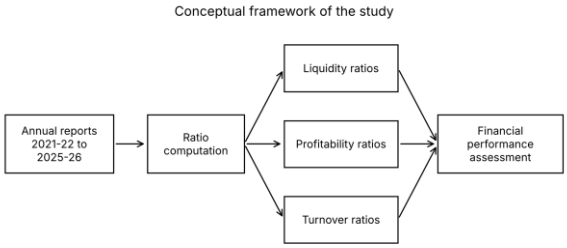


Figure 1. Conceptual framework showing the flow from annual report data through ratio computation to the assessment of financial performance.

IV. REVIEW OF LITERATURE

[1] Chen and Wong (2004) examined the determinants of the financial health of general and life insurance companies in Asia using firm-level and macroeconomic data. The study found that the financial health of general insurers was significantly affected by firm size, investment performance, liquidity ratio, surplus growth, combined ratio, and operating margin, while firm size, change in asset mix, investment

performance, and change in product mix were important for life insurers. The research highlights the importance of liquidity and operating margins in assessing insurers.

[2] Ansah-Adu, Andoh, and Abor (2012) evaluated the cost efficiency of insurance companies operating in Ghana. The study explained that differences in the management of operating costs lead to differences in efficiency among insurers. The findings suggest that controlling operating expenses is an important requirement for improving the financial performance of insurance firms in emerging markets.

[3] Akotey, Sackey, Amoah, and Manso (2013) assessed the financial performance of the life insurance industry in Ghana using the annual financial statements of ten life insurers for the period 2000-2010 and panel regression. The results revealed that life insurers were incurring large underwriting losses and that underwriting profit and investment income had an offsetting rather than complementary effect on overall profitability. The study cautioned that pursuing premium growth without adequate pricing can harm insurers.

[4] Alhassan, Addisson, and Asamoah (2015) examined the relationship between market structure, efficiency, and profitability of life and non-life insurance companies in Ghana by testing the structure-conduct-performance hypothesis. The findings supported the efficient-structure hypothesis in both markets, indicating that efficiency rather than market power explained profitability. The study also reported increasing competition in the insurance industry.

[5] Kaya (2015) investigated the firm-specific factors affecting the profitability of 24 non-life insurance companies in Turkey during 2006-2013 using panel data. Profitability was measured through the technical profitability ratio and the sales profitability ratio. The study identified company size, age, loss ratio, current ratio, and premium growth rate as significant determinants, confirming that liquidity indicators are linked with insurers' profitability.

[6] Derbali and Jamel (2018) studied the effect of firm-specific characteristics such as size, leverage, tangibility, risk, growth, liquidity, and age on the profitability of Tunisian insurance companies in the life insurance segment during 2005-2015. Using return on assets as the performance measure, the study found that size, age, and growth were the most important determinants of performance, while leverage, tangibility, liquidity, and risk did not show significant effects.

[7] Eling and Jia (2019) examined the relationship between efficiency and profitability using a global dataset of more than 5,000 insurance companies. The study documented a significantly positive correlation between efficiency measures and profitability measures. It also found that efficiency was more critical for the profitability of life insurers than for non-life insurers, which is relevant for evaluating the operating performance of life insurance companies.

[8] Sasidharan, Ranjith, and Prabhuram (2023) analysed the micro and macro determinants of the financial performance of Indian general insurance companies using panel data of 21 firms for the period 2010-11 to 2019-20. Firm-specific factors such as firm size, financial leverage, and retention were considered along with macroeconomic variables. The study found an inverse relationship between firm size and return on equity, showing that growth in scale does not automatically improve returns.

[9] Adhikari and Ghosh (2024) examined the firm-specific factors influencing the profitability of Indian life insurers. The study considered equity capital, liquidity, tangibility, and underwriting risk as explanatory variables. It highlighted that private life insurers face strong competition after the liberalisation of the sector and that internal financial characteristics play an important role in their profitability. This research is directly relevant to the Indian life insurance context.

[10] Opoku, Marfo-Yiadom, Gubareva, and Mendes (2024) analysed the determinants of financial performance in the Ghanaian insurance industry using data on 40 insurance firms for 2012-2017 and the system GMM method. The study identified cost efficiency, claims ratio, retention ratio, audit fees, firm age and size, and board composition as major performance drivers. It recommended strategic cost control and appropriate premium setting to improve insurers' performance.

V. DATA ANALYSIS AND INTERPRETATION

1. Liquidity Position of the Company

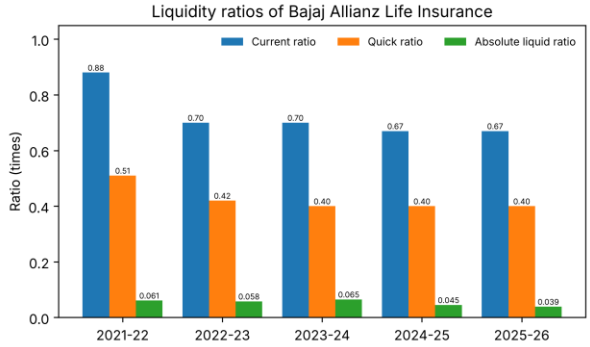


Figure 2. Current ratio, quick ratio, and absolute liquid ratio of Bajaj Allianz Life Insurance from 2021-22 to 2025-26.

Interpretation: The current ratio was highest at 0.88 in 2021-22 and declined to 0.70 in 2022-23 and 2023-24 and further to 0.67 in 2024-25 and 2025-26. During the period, current assets increased by about 20 percent, from Rs. 1,30,206 lakhs to Rs. 1,56,797 lakhs, while current liabilities increased by about 57 percent, from Rs. 1,48,438 lakhs to Rs. 2,33,395 lakhs. The quick ratio also fell from 0.51 to 0.40, and the absolute liquid ratio, which is the same as the cash ratio for this data, fluctuated between 0.065 and 0.039, reaching its lowest level in 2025-26. All three ratios remained below the conventional benchmarks of 2:1, 1:1, and 0.5:1, indicating that the short-term liquidity position of the company weakened over the study period.

2. Profitability Position of the Company

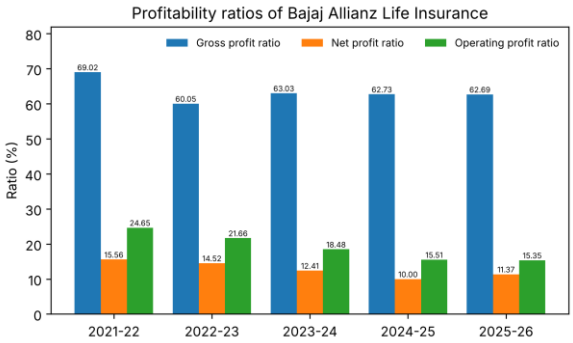


Figure 3. Gross profit ratio, net profit ratio, and operating profit ratio of Bajaj Allianz Life Insurance from 2021-22 to 2025-26.

Interpretation: The gross profit ratio was highest at 69.02 percent in 2021-22, dropped to 60.05 percent in 2022-23, and then remained stable at around 63 percent. The net profit ratio declined from 15.56 percent in 2021-22 to 10.00 percent in 2024-25 before recovering slightly to 11.37 percent in 2025-26. The operating profit ratio showed a continuous decline from 24.65 percent to 15.35 percent. Sales grew by about 47 percent, from Rs. 3,58,722 lakhs to Rs. 5,28,542 lakhs, whereas net profit grew by only about 8 percent, from Rs. 55,826 lakhs to Rs. 60,109 lakhs. This shows that operating expenses increased faster than revenue and reduced the margin earned on each rupee of business.

3. Turnover Efficiency and Summary of Ratios

The turnover ratios show a more favourable trend. The debtors turnover ratio increased from 8.45 times in 2021-22 to a peak of 10.86 times in 2024-25 and stood at 10.40 times in 2025-26, which reduced the average collection period from about 43 days to about 35 days. The inventory turnover ratio increased from 6.71 times to 9.04 times in 2024-25 and was 8.77 times in 2025-26. Table 2 summarises the movement of all the ratios examined in the study.

Ratio	Values (2021-22 to 2025-26)	Observed trend
Current ratio	0.88, 0.70, 0.70, 0.67,	Declining; below 2:1

	0.67	
Quick ratio	0.51, 0.42, 0.40, 0.40, 0.40	Declining; below 1:1
Absolute liquid / cash ratio	0.061, 0.058, 0.065, 0.045, 0.039	Fluctuating; lowest in 2025-26
Gross profit ratio (%)	69.02, 60.05, 63.03, 62.73, 62.69	Fell in 2022-23; stable afterwards
Net profit ratio (%)	15.56, 14.52, 12.41, 10.00, 11.37	Declining; slight recovery in 2025-26
Operating profit ratio (%)	24.65, 21.66, 18.48, 15.51, 15.35	Continuously declining
Debtors turnover ratio (times)	8.45, 8.74, 8.98, 10.86, 10.40	Improving
Inventory turnover ratio (times)	6.71, 7.95, 7.89, 9.04, 8.77	Improving

4. Summary of the Financial Position

The analysis shows a mixed financial position. The company expanded its business considerably and improved the efficiency of receivable collection and inventory utilisation. However, the growth in current liabilities reduced its liquidity ratios, and the rise in operating expenses reduced its operating and net profit margins. The overall picture is that of a growing company whose efficiency has improved but whose liquidity and profit margins need closer attention.

VI. FINDINGS

- The current ratio declined from 0.88 in 2021-22 to 0.67 in 2024-25 and 2025-26, and remained below the conventional standard of 2:1 throughout the study period.
- The quick ratio fell from 0.51 in 2021-22 to 0.40 from 2023-24 onwards, indicating that liquid assets were not sufficient to cover current liabilities.
- The absolute liquid ratio and cash ratio fluctuated between 0.065 and 0.039 and reached their lowest level in 2025-26, showing limited cash available against short-term obligations.
- Current liabilities increased by about 57 percent during the period, while current assets increased by only about 20 percent, which was the main reason for the decline in liquidity.
- The gross profit ratio decreased from 69.02 percent in 2021-22 to 60.05 percent in 2022-23 and remained between 62 and 63 percent in the following years.
- The net profit ratio declined from 15.56 percent to a low of 10.00 percent in 2024-25 and improved slightly to 11.37 percent in 2025-26.
- The operating profit ratio declined continuously from 24.65 percent to 15.35 percent, showing that operating costs grew faster than sales.
- The debtors turnover ratio improved from 8.45 to 10.40 times and the inventory turnover ratio from 6.71 to 8.77 times, indicating better utilisation of resources.

VII. POLICY IMPLICATIONS

The analysis suggests several practical implications for the management of the company:

1. Strengthen liquidity management: The company should maintain an adequate level of liquid assets and cash in relation to its current liabilities so that short-term obligations, including claims and other payables, can be met without difficulty.

2. Control the growth of current liabilities: Management should review the composition of current liabilities and plan payment schedules so that liabilities do not grow faster than current assets.

3. Improve cash flow planning: Regular cash budgeting and monitoring of cash inflows and outflows can help the company maintain a stable cash ratio.

4. Control operating expenses: Since the operating profit ratio declined continuously, the company should review commission, distribution, administrative, and other operating costs and improve cost efficiency.

5. Align business growth with profitability: Premium and sales growth should be supported by appropriate pricing and product mix so that the increase in business also increases profit margins.

6. Sustain efficiency in collections: The improvement in the debtors turnover ratio should be maintained through timely follow-up of receivables and efficient collection systems.

7. Use digital channels to reduce costs: Greater use of online sales, digital servicing, and automated processes can reduce the cost of acquiring and servicing policies.

8. Monitor key ratios regularly: Management should track liquidity, profitability, and turnover ratios on a quarterly basis and take corrective action when adverse trends appear.

9. Maintain policyholder confidence: A sound liquidity position and stable profitability strengthen the confidence of policyholders, investors, and regulators in the company.

VIII. LIMITATIONS AND FUTURE SCOPE

Limitations

The study has certain limitations. First, it is based entirely on secondary data taken from the annual reports of the company, and the accuracy of the analysis depends on the accuracy of these figures. Second, the study covers only five financial years and one company, so the results cannot be generalised to the entire life insurance industry. Third, conventional financial ratios do not fully capture insurance-specific measures such as the solvency ratio, persistency ratio, claims settlement ratio, expense of management ratio, and embedded value. Fourth, ratio analysis does not consider qualitative factors such as management quality, regulatory changes, and market conditions.

Future Scope

Future research can extend the study period and compare the financial performance of Bajaj Allianz Life Insurance with other private and public sector life insurers. Insurance-specific indicators such as the solvency ratio, persistency ratio, claims settlement ratio, and embedded value can be included to provide a more complete assessment. Statistical tools such as correlation, regression, and panel data analysis can also be used to examine the factors that influence the profitability of life insurers in India. The effect of the change in ownership and the renaming of the company in 2025 on its future performance is another useful area for research.

IX. CONCLUSION

The present study evaluated the financial performance of Bajaj Allianz Life Insurance for the period 2021-22 to 2025-26 using liquidity, profitability, and turnover ratios. The company recorded considerable growth in its business, with sales increasing by about 47 percent, and improved the efficiency of its receivable collection and inventory utilisation. At the same time, the current ratio, quick ratio, and cash ratio declined, and the operating and net profit ratios fell, showing that liquidity and profit margins weakened during the period.

The study concludes that the company's financial performance is characterised by strong growth and improving efficiency but declining liquidity and margins. To sustain its performance, the company should strengthen liquidity management, control the growth of current liabilities, and reduce operating costs so that future business growth is accompanied by higher profitability. A balanced focus on growth, liquidity, and profitability will help the company maintain the confidence of its stakeholders and strengthen its position in the Indian life insurance market.

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