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*“Comparative Financial Analysis of Insurance Companies in Pakistan through  
CAMEL ratios”*



By:

*(Dania Hameed)*

*(01-222171-036)*

Supervisor:

*(Mr. Tanveer Taj)*

Department of Management Sciences

Bahria University Islamabad

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# **Comparative Financial Analysis of Insurance Companies in Pakistan through CAMEL ratios**

## **ABSTRACT**

This study examined the comparative financial performance of Pakistan insurance companies. Only two insurance companies are selected among many different insurance companies. The comprehensive consolidated financial reports of insurance companies have been analyzed for the period 2012 to 2017. The CAMEL ratings have been applied to check the financial performance of companies by the means of ratios. These ratios have been tested through statistical tool and the results found that these two particular insurance companies have a strong impact on financial performance when evaluated with respect to management efficiency ratio and earning ability. On the other hand, capital adequacy and assets quality were appraised as less satisfactory, liquidity rated as unsatisfactory, inadequate and basically insufficient. The insurance companies are suggested to utilize the CAMEL approach on a periodic basis so as to evaluate the fluctuations in the performance of organization and to check strength with other organizations. This research gives valuable information to the shareholders to get better idea for investment decisions and to help in the performance evaluation based on the CAMEL ratios used in this study.

***Keywords:*** *Comparative Financial Analysis, CAMEL ratings, Insurance.*

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