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# A COMPARATIVE STUDY ON ULIPS POLICY IN INDIA WITH REFERENCE TO SELECTED COMPANIES

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## ABSTRACT

Unit Linked Insurance Plan (ULIP) is a blend of insurance alongside investment. From a ULIP, the objective is to give riches creation along with life spread where the insurance company puts a bit of your investment towards extra security and rest into a store that depends on value or obligation or both and matches with your long haul objectives. These objectives could be retirement arranging, kids' instruction or another significant occasion you may wish to put something aside for.

ULIPs became possibly the most important factor in the 1960s and turned out to be extremely mainstream in Western Europe and America. The explanation that is credited to the widespread prevalence of ULIP is a direct result of the straightforwardness and the adaptability which it offers to the customers. As time advanced the plans were additionally effectively mapped alongside extra security needs to retirement arranging. On the present occasions, ULIP answers all the requirements of a customer like insurance arranging, financial necessities, financial anticipating youngsters' future and retirement arranging.

**Keywords:** customers, insurance, Unit Linked Insurance Plan.

## INTRODUCTION

Unit Linked Insurance Plan (ULIP) is a blend of insurance alongside investment. From a ULIP, the objective is to give riches creation along with life spread where the insurance company puts a bit of your investment towards extra security and rest into a store that depends on value or obligation or both and matches with your long haul objectives.

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These objectives could be retirement arranging, kids' instruction or another significant occasion you may wish to put something aside for.

Unit Linked Insurance Plans

Unit connected insurance plan (ULIP) is a disaster protection arrangement that gives the customer the advantages of assurance and adaptability in investment. It is an answer which accommodates extra security where the approach an incentive whenever fluctuates as indicated by the estimation of the basic resources at that point. The investment is indicated as a unit and is spoken to by the worth that it has achieved called as Net Asset Value (NAV). ULIPs are a classification of objective-based financial arrangements that consolidate the security of insurance assurance with riches creation openings. In ULIPs, a piece of the investment goes towards giving an actual existence spread. The leftover segment of the ULIP has put resources into a store which thusly puts resources into stocks or securities; the estimation of investments changes with the presentation of the basic reserve selected by the client. ULIPs are organized in with the end goal that the assurance component and the investment funds component are discernable and subsequently oversaw by your particular needs. Right now, the ULIP plan offers exceptional adaptability and straightforwardness.

**Benefits of Investing in ULIP's**

- **Flexibility**

  ULIPs offer a significant level of adaptability with regards to picking reserve choices, change in life spread, and alternative of riders. ULIPs allow you to choose where you might want to put away your cash and makes it simple for a policyholder to change from one investment variation to the next according to the economic situations between value, obligation, and adjusted reserve alternatives.

  Through top-ups, you can even expand your investment portfolio to take advantage of investment openings because of any adjustment in the business sectors. Thusly, you can effectively screen your investments and maximize your returns.

- **Goal-Based Savings**

  ULIPs are intended to address key long haul financial goals, for example, purchasing a house, subsidizing your youngster's instruction, purchasing another vehicle and so forth as it encourages you in building a sizeable corpus in a restrained way. Because of the intensity of

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aggravating, ULIPs give a lot higher paces of return. Additionally, when you contribute as long as possible, it is conceivable to assimilate the market risks just as your cash becomes quicker over a more drawn out time skyline.

- **Liquidity**

If there should arise an occurrence of crises or unexpected future occasions, ULIPs permit you to mostly pull back cash from your Unit Linked record, however simply following a time of 5 years from the beginning date. The best part about these withdrawals is that they give tax breaks. Further, on the off chance that you are searching for a loan against security, at that point you can utilize ULIPs to get a specific level of the estimation of the reserve, by and large not surpassing 50 percent, as a loan.

- **Tax Benefits**

ULIPs offer not just furnish life spread alongside incredible returns yet, also furnishes you with double tax benefits. For premiums paid, ULIPs are excluded up to Rs. 1,50,000 under segment 80C of the Income Tax Act, 1961. Furthermore, all payouts got at the hour of development are excluded too under Section 10(10D) of the Income Tax Act, 1961

## OBJECTIVE OF THE STUDY

- To think about the ULIPs of various life insurers as far as their core interest.
- To check the performance of ULIP item offered by the company against the Rivalry.
- To distinguish the significant factors for putting resources into ULIPs, reference of investment, issues of financial specialists.
- To make a comparative analysis of returns given by Insurance Companies under Ulips.
- To gauge the satisfaction level of Ulips clients.
- To investigate funds ULIP dependent on the NAV and returns for the estimation of risk and returns.

## SCOPE OF THE STUDY

- The scope is limited to FIVE schemes that are HDFC young star supreme, stable managed fund Bharathi axalife, safe money fund, Shriram insurance, Maximus gold, Exide life debt fund and Max life pension secure fund in a different life, insurance

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companies, like HDFC, Bharathi axalife, Shriram insurance, Exide life and max life for three months.

- The Study covers the calculation of risk and return of selected insurance policies.

## LIMITATIONS OF THE STUDY

- The companies of different funds should be limited to 5 companies
- The selection of the period is limited to 3 months of that is 01- Dec -2019 to 29-Feb-2020
- This study is only an instigation to help the investor how to make a good return with minimum cost.
- The avenues are compared based on only return and risk.

## RESEARCH METHODOLOGY

## SECONDARY DATA

The study has included schemes wise performance of various life insurance policies that pertain to the performance of the schemes were drawn from secondary source through data published by amfi.com, NAV history.com, SBI life insurance.com, HDFC life insurance.com and ulips.com

## TOOLS OF THE STUDY

RETURNS=

RISK=$\sqrt{variance}$

Variance = $\sum \frac{D2}{n-1}$

## REVIEW OF LITERATURE

**Anand Bansal; Amarjeet Kaur (2016)**

One advancement, which raged Indian life coverage advertise, was the presentation of the unit connected insurance plans (ULIPs). ULIPs confer the benefit of taking out two targets

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with one shot as it contains the insurance part which gives financial security to the family if there should arise an occurrence of death of the policyholder and its investment segment conveys returns alongside adaptability and straightforwardness of the investment. Right now, the endeavor has been made to think about the performance of ULIPs of Indian life coverage organizations afterthought of two main considerations, i.e., risk and return. Factual estimates, for example, ReturnS AND RISK of ULIPs have been determined by including and barring charges as these charges influence the arrival of ULIPs generously. The examination is explanatory and clear.

**D. Jogish (2014)**

The Indian insurance industry is amidst a stir with the administration attempting to go through the Insurance correction to raise the remote direct investment to 49%. The spotlight is again available related items prominently named ULIPs since it blends security and returns with the last being given more unmistakable quality because of its investments in profoundly risky protections showcase. This examination apropos investigates the returns created by all the insurers concerning their select ULIP schemes and whether the public area behemoth LIC is doing great right now.

The examination likewise decides the returns created per unit of complete risk which is significant for the safeguarded as it ought to have the option to legitimize his investment contrasted with the conventional items which are risk disinclined. The proposals are joined to make ULIPs well known since it is losing ground consistently in the Indian insurance industry.

## DATA ANALYSIS AND INTERPRETATION

- **STATEMENT OF SHOWING THE RISK AND RETURNS OF HDFC YOUNG STAR SUPREME**

Average returns = -0.0204

Variance = $\sum \frac{D2}{n-1}$

= 0.001327148

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Risk $=\sqrt{variance}$

= 0.036430043

**INTERPRETATION:**

From the above table, it represents the average returns and risk of HDFC young star supreme for three months.

The HDFC young star supreme has average returns of (-0.0204) and variance of (0.001327148)

It has a risk of (0.036430043).

- **STATEMENT OF SHOWING THE RISK AND RETURNS OF BHARATHI AXA LIFE WEALTH ONE**

Average returns = -0.0164

Variance $= \sum \frac{D2}{n-1}$

= 0.000107021

Risk $=\sqrt{variance}$

= 0.010345087

**INTERPRETATION:**

From the above table, it represents the average returns and risk of BHARATHI AXA LIFE for three months.

The BHARATHI AXA LIFE has average returns of (-0.0164) and variance of (0.000107021)

And it has the risk of (0.010345087

- **STATEMENT OF SHOWING THE RISK AND RETURNS OF SHRIRAM INSURANCE**

Average returns = 0.0532

Variance $= \sum \frac{D2}{n-1}$

= 0.450573773

Risk $=\sqrt{variance}$

$= 0.67124792$

**INTERPRETATION:**

From the above table, it represents the average returns and risk of SHRIRAM INSURANCE for three months.

The SHRIRAM INSURANCE has average returns of (0.0532) and variance of (0.4505737) and it has a risk of (0.67124792).

- **STATEMENT OF SHOWING THE RISK AND RETURNS OF EXIDE LIFE HIGH LIFE**

Average returns = -0.0392

Variance $= \sum \frac{D2}{n-1}$

$= 0.03086372$

Risk $=\sqrt{variance}$

$= 0.175680723$

**INTERPRETATION:**

From the above table, it represents the average returns and risk of Exide Life High Life for three months.

The Exide Life High Life has average returns of (-0.0392) and variance of (0.03086372)

And it has a risk of (0.175680723).

- **STATEMENT OF SHOWING THE RISK AND RETURNS OF MAX LIFE SMART INVEST PENSION PLUS**

Average returns = -0.0439

Variance $= \sum \frac{D2}{n-1}$

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$= 0.03857965$

Risk $= \sqrt{variance}$

$= 0.19641703$

**INTERPRETATION:**

From the above table, it represents the average returns and risk of MAX LIFE SMART for three months.

The MAX LIFE SMART has average returns of (-0.0439) and variance of (0.03857965)

And it has a risk of (0.19641703).

## COMPARISION OF SELECTED FUNDS

| S.N0 | FUND NAME | RETURNS | RISK |
|---|---|---|---|
| 1 | HDFC YOUN STAR SUPREME, STABLE MANAGED FUND | -0.0204 | 0.036430043 |
| 2 | BHARATHI EXALIFE, SAFE MONEY FUND | -0.0164 | 0.010345087 |
| 3 | SHIRANM INSURANCE, MAXIMUS GOLD | 0.0532 | 0.671247922 |
| 4 | EXIDE LIFE DEBT FUND | -0.0392 | 0.175680723 |
| 5 | MAX LIFE PENSION SECURE FUND | -0.0439 | 0.19641703 |

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**INTERPRETATION:**

The above table shows that there is a less volatile and has positive returns in the fund of SHRIRAM INSURANCE, MAXIMUS GOLD comparative to remaining all funds, and also there involves a high risk in SHRIRAM INSURANCE, MAXIMUS GOLD. Remaining all funds like HDFC Young Star Supreme, Stable Managed Fund Bharathi Exalife, Safe Money Fund Exide Life Debt Fund Max Life Pension Secure Fund include negative returns and low risk.

## FINDINGS:

- The HDFC young star supreme has average returns of (-0.0204) and variance of (0.001327148)
- It has a risk of (0.036430043).
- The BHARATHI AXA LIFE has average returns of (-0.0164) and variance of (0.000107021)
- And it has a risk of (0.010345087).
- The SHRIRAM INSURANCE has average returns of (0.0532) and variance of (0.4505737)
- And it has a risk of (0.67124792).
- The EXIDE LIFE HIGH LIFE has average returns of (-0.0392) and variance of (0.03086372)
- And it has a risk of (0.175680723).
- The MAX LIFE SMART has average returns of (-0.0439) and variance of (0.03857965)
- And it has a risk of (0.19641703).

## SUGGESTIONS:

- The HDFC young star supreme has negative returns of (-0.0204) and It has the risk of (0.036430043) so the insurer should not enter into the HDFC young star supreme.
- The BHARATHI AXA LIFE has so the investors need to hold the stock. Returns of (-0.0164) and it has a risk of (0.010345087) so the insurer should not enter into the BHARATHI AXA LIFE.

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- The SHRIRAM INSURANCE has positive returns of (0.0532) and it has a high risk of (0.67124792) so the insurer can enter into the SHRIRAM INSURANCE.
- The EXIDE LIFE HIGH LIFE has so the investors need to hold the stock. Returns of (-0.0392) and it has the risk of (0.175680723) so the insurer should not enter into the EXIDE LIFE HIGH LIFE.
- The MAX LIFE SMART has returns of (-0.0439) and it has the risk of (0.19641703) so the insurer should not enter into the MAX LIFE SMART.

## CONCLUSION

To settle on a successful choice, one must know about the item they are putting resources into. ULIPs are perfect decisions for financial specialists with long-term investment goals. Make a point to think about all the key components and henceforth, benefit as much as possible from your ULIP investment. Utilize the adaptability offered by the ULIP is a powerful way to fabricate wealth in the long run.

According to the above information, the insurer should enter into the SHRIRAM INSURANCE, MAXIMUS gold because SHRIRAM INSURANCE, MAXIMUS gold has good returns comparative to remaining all schemes so the investor should not enter into this policy And the investor should not enter into this policies because remaining policies include negative returns.

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