JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

Comparative Analysis of Unit Linked Insurance Plan

Dr. Roshan Lal Rohilla
Associate Professor
Department of Commerce
Govt. College, Sampla, District Rohtak
Haryana PIN 124001

Abstract

Investment in Unit Linked Insurance Plan of both public and private life insurance players offer four solutions with one product i.e. insurance, investment, income tax saving and unlimited switches; some companies are also offering benefit of health rider with this plan on payment some extra amount of premium, it is having the feature of insurance as well as mutual fund. Encashment of this product is subject to value of NAV at the time of encashment or at maturity, but sum assured along-with NAV value will be paid only in the event of death, the same will be calculated by multiplying rate of NAV prevailing on the day of surrender or maturity with number of units, the sum so arrived will be paid. However, product like this feature had started by the insurance companies in the year 1960, but formally ULIP product was launched by the then Unit Trust of India in 1971 and by LIC in 1989, but ULIP was not a popular product till 2010 when IRDAI started regulating and management of this product, since then IRDAI issued number of guidelines for regulating this product, but it started gaining momentum after enactment of the amendment in 2017, when the popular amendment came into force that total premium paid to the insurer will be invested in the market instruments after deduction of 1.35 percent, this means no charges shall be levied for insurance and administration charges, further mortality charges deducted, if any shall be reimbursed at the time of maturity. Since ULIP products are based upon the investment in the capital market, therefore, there is no guarantee of return in these products, however. In the present study an emphasis has been made to compare the ULIP products issued by public and private life insurance players, it has been concluded that ULIP products comprising more than 75 percent investment in equity product are perfectly affected by the movement of the BSE, SENSEX, further it is concluded that the major share of ULIP products are being sold by private life insurance players.

Key Words: ULIP, Investment, NAV, Unit Trust of India, Absolute Return, Insurance Density, CAGR, Systematic Risk.

Introduction

The philosophy of investors has always been to take maximum return from their investment at lower risk so that on maturity they may be able to construct a house to live in, education for children and their marriage, tax benefit and peaceful retirement. With these objectives, investors start channelizing various options such as, investment in share market with the aim to receive dividend and capital appreciation when the investments disposed of, in debt market to get return with low degree of risk, in real estate with long gestation period and low liquidity and in the commodity market, but all these investments are subject to the risk and volatility due the factor such as mother nature, whether and natural disaster, supply and demand, storage level, transportation, geo politics, seasonality, market information, international relations, economic policies, interest rate, inflation and legal environment etc. Investors always aim to get better return but with security of their investment i.e. without risk or low degree of risk. On the other hand life is full of risk and uncertainty, they always remain in a state of worry, what will happen with their family in their absence, living behind in case of sudden demise or disability, therefore, the idea of life insurance originates, initially life insurance was not a good source of investment to get better return, but it was the idea to secure family in the absence or disability of the life insured. The idea of investment in ULIP gives investors, security of family in their absence as well as investment in the capital market, later have an opportunity to grow with market linked return. Therefore, ULIP is becoming one of the most popular products for investors with all type of life goals, from young people who have just begun their professional lives to senior professionals who are getting close to retirement. Unit-linked Insurance Plan is the combination of investment and insurance, in this plan a portion of premium is charged for expenses by the insurer and of the remaining amount, the insurer make a pool of total premium and invest in debt or equity or a combination of the two or more instruments, as a result this pattern of investment offers both financial safety of the family of investor as well as long term wealth creation with market linked return. Life Insurance to the investor shall be provided free of cost for a sum assured. The Investment in ULIP provides significant liquidity either at maturity or during the policy term through partial withdrawals from the corpus subject to lock in period of five years with the option to alter investment choices in accordance with the requirement and risk tolerance capacity. An investor having long term horizon for his investment have better chances of getting higher corpus, as it is most rewarding in the long run with the benefit from the power of compounding by reinvesting profits to produce more significant and consistent return by minimising the effects of volatility of the market, as well as to mitigate any market risk that can affect the funds in the short term. The return can also be maximised by exercising fund switching feature to make sure that investments are always directed towards right type of fund, when the market underperforms after a gap of time, top up with extra available savings and by adopting the facility of customisation of period and amount. The investment in this plan further offers income tax benefits under section 80 C of Income Tax Act, 1961 at the time of making investment for a sum of rupee one lakh and fifty thousand or the actual amount, whichever is less, per assessment year and further the complete amount received at the time of death of the insured to the dependent as well as on maturity to the survivor under section 10(10D) of Income Tax Act, 1961. However, ULIP issued on or after 1 February, 2021 with annual premiums of rupee two lakh fifty thousand or more are treated as capital gains and are subject to applicable taxation. In the present context, it is pertinent to explain what is Net Asset Value in short 'NAV'? It is the money collected by insurer from the policyholders in the form of premiums and invests the sum in the funds chosen by them. Once the money is invested, the total invested corpus is divided into 'units' with a certain face value to each such unit. Further, each investor is allocated 'units' with respect to the amount invested by each of them. The value of each unit, at any point in time, is called the Net Asset Value. In the ULIP Plan 75 percent or more of the funds so collected from the policyholders invested either in equity alone or both equity plus debt in a certain ratio determined by the team of expert fund managers. The NAV is calculated on daily basis or decided by the fund managers.

Present Scenario and future prospects of Life Insurance Industry in India

The insurance industry in India is regulated by Insurance Regulatory and Development Authority of India, there are 24 companies, which are engaged in the business of selling Life Insurance Products in India, out of these one Life Insurance Corporation of India is a Public Sector Company and the rest 23 are Private Companies. In the global ranking of insurance business, India is ranked at 11th globally with the market share of 1.72 percent with 2nd largest Insurance Tech market in the Asia-Pacific region accounting for 35 percent of the total $3.66 billion capital invested in this region. In terms of size of insurance industry, the share of life insurance in total premium is 75.24 percent as compared to 24.76 percent of non-life insurance. In terms of premium receipt life insurance recorded rupees 2.78 trillion in financial year 2020-21 which is growing at the rate of 7.49 percent over the last year, this is inclusive of the private life insurance share which is growing at the rate of 16.29 percent, the share of Industry's new business premium during the financial year 2021 is in the ratio of 34:66 percent between private insurance companies and Life Insurance Corporation respectively, this has showed a growth of 12.75 percent over the previous year. The share of traditional insurance products accounted for 85 percent of the total premium written in financial year 2020, the share of ULIP is 15 percent in total insurance business which is in the proportion of 24:76 between Life Insurance Corporation of India and the Private Players in terms of total policies issued during the year 2021. IRDAI has permitted video KYC and digital issuance of policies, this has witnessed continued growth, the share of web aggregators within digital insurance has been constantly increasing and web-aggregators currently originate 30-40 percent of digital insurance. The total mortality protection gap in India stands at $16.5 trillion with an estimated protection gap of 83 percent of total protection need, this offers huge opportunities to life insurers, it is estimated to receive additional life premium of average $78.2 billion annually over the year from 2023 to 2030 with retail protection sum assured is estimated to grow 8 time by over 2023-2030, this implies that there will be 23 percent compounded annual growth rate of premium, beside this the online individual insurance market is estimated to be 1.25 billion by the financial year 2025 more than tripling from $365 million of 2020. The net financial savings are increasing in the country from 6.7 percent of GDP in financial year 2016-17 to 7.8 percent of GDP in the year 2020.21. The growth of the insurance market is expected due to the support of government policies such as increase of FDI limit in insurance sector from 49 percent to 74 percent, strong democratic factors, conducive regulatory environment, increased partnerships, product innovations, vibrant distribution channels, permission to raise capital through initial public offering after completing 10 year of business, Government of India launched Pradhan Manri Vaya Vandana Yojana which guarantee 8 percent annual return to all the senior citizen above 60 year of age along-with increase in investment limit from 7.5 lakh to 15 lakh, and further there is huge scope of Life Insurance industry in India because firstly only 3 percent citizen of India are under cover of insurance, secondly insurance density in India is US $59 only in 2020-21 as compared to US $ of 360 of the world during 2020-21, therefore stand in the list of worst three countries just before Sri Lanka and Pakistan in terms of world ranking. Insurance density is a measure of premium to total population.

History of ULIP in India

Unit Linked Insurance Plan is a financial instrument that offers to the customers both the benefits of insurance as well as investment. It is offered by insurance companies to the customers who are willing to be insured as well as choose to invest in the capital market instruments such as stock and share, bonds and mutual funds. These plans offer four benefits, namely protection, investment, taxation and own portfolio management, these features make ULIP a truly popular financial instrument among customers. ULIPs were introduced in India in 1971 by the then Unit Trust of India, being an effective financial tool that offers guaranteed additional cover for the beneficiaries as a low cost vehicle of instrument for the people willing to invest in market linked products, which make possible the benefit of insurance and investment that offers good return with tax benefit at the time of investment as well as on maturity to the insured or to the beneficiary in case of death. In 1971 it was introduced as an effective financial tool with guaranteed additional cover, but with high front end charges as well as other cost from agents and distributors. The tool lacked transparency and incurred massive commissions, thus its acceptance was meagre. Second ULIP was introduced by the LIC in 1989. Over the years the Indian investment market has undergone a series of changes but its position was continue to be deteriorating, even after enactment of IRDAI Act 1999 the position of ULIP continues to be worst until 2010. Thereafter, the IRDAI tool over the control of regulating administering of ULIP and consequently formulated the required guidelines to protect the interests of the policyholders, these are focusing on educating the customers about the significance of this plan and brought down the annualised charges at 2.25 percent for the first ten years and increased the lock in period to five years from the existing three years, the minimum cover was also increased to protect the investors minimum financial requirement and it was ensured that the policyholders understood the benefits of ULIPs. The real change in ULIP began from

2015 with the introduction of the online version of plan and the policy allocation charges were further capped between 1.25 percent and 1.45 percent with the transparency as motive of the plan. Till 2017, the product was having the reputation of mis-sold product giving fake record of return and portfolio, thereafter the regulations were changed so that the product have become transparent financial product in the market and as a result of revised guidelines, the product gained momentum in a very short span of time, now it has become a value packed investment tool, having the reputation of grown smart, investor friendly, transparent, cost and tax efficient instrument for the investors and thus become the new-age financial product. Presently ULIP has become a smart online product with no policy administration and allocation charges with the facility to get the mortality charges back after the plan matures. The FMS charges have also been capped at 1.35 percent per annum with option to choose their asset allocation between debt and equity with free life cover and no switching charges and a facility to withdraw partially or fully after five years of policy cover.

Review of Literature

Stefan Engelander and Joachim Kolchbach (2006) conducted a study on traditional policy and ULIP policy and found that the insurer transferred risk to the policyholders. The performance linked feature has a significant role in the insurance business. They stressed upon reducing the liquidity risk by speeding up the settlement process.

Karuna in 2009 published in Insurance Cronicle, she concluded that traditional plans offered by LIC fulfilled the Insurance need only, whereas ULIP plan serves the purpose of insurance, investment and tax savings.

B.V. Ramana (2009) revealed that the insurance industry escaped largely unscathed from the first round effects of the subprime disaster but the prolonged credit and liquidity crisis as well as the consequent regression in the financial services sector had its direct and indirect impact on both primary and reinsurance markets the world over which was quite evident from the increase in the number of claims, decline in investment return and reduced access.

Divya Y. Lakhani (2011) concluded that the NAV for equity based fund options moves in tandem with Sensex while for debt based fund options it is not much affected by the movement of Sensex.

K Vidhyawati (2017), published in Journal of Corporate Governance and risk management reveals that ULIPs emerged as one of the popular products in India as it is the combination of insurance and investment, the product is suffering from possibilities of risk of stock market on the one hand and on the other hand chances of high growth of funds is also there.

Objective of the Study

1. To compare the variations of BSE SENSEX and NAV of the Equity based ULIP Funds offered by insurance companies in India.
2. To compare the ULIPs offered by Private Players with Life Insurance Corporation of India.
3. To access the future prospects of Life Insurance Industry in India.

Statement of Problem

Whether the daily fluctuation in the SENSEX affects the daily NAV of ULIP Products issued by public and private life insurance players in India? The problem will be solved by testing the hypothesis and alternative hypothesis, which are as under:-

H_0 Performance of the Stock Market has No influence on the NAV Value of Life Insurance ULIP Products.

H_1 Performance of the Stock Market has influence on the NAV Value of Life Insurance ULIP Products.

Need for the Study

Since the business of life insurance is expected to grow tripling by the year 2030 and it has also been expected to grow Indian Economy by the year 2030 so as to become the third largest economy of the world, resultantly equity market will also expected to grow on the same pattern, Since ULIP is largely an equity based product, called equity fund is the instrument of capital market and its growth is dependent on stock market, so to find out whether there is any correlation between the NAV of ULIP Funds and the fluctuation in the BSE SENSEX will help the investor to minimise their risk, Secondly, the comparison of ULIP plan issued by selected private life insurance players and life insurance corporation of India would help the investors to opt the company which offers high rate of return. Thirdly, the research will also help the company to revised their portfolio investment of ULIP Equity based fund and to come out with revised plan to meet the need of the investor market, thus the market will be more competitive and ultimately benefit the investor of ULIP Product.

Research Methodology

The present study has been conducted on the basis of historical data, which has been collected from the website of different insurance companies, annual reports of insurance players, insurance journals, magazines newspapers and IRDAI annual reports. For the purpose of study 9 insurance companies have been selected on the basis of their share in first year premium receipt, out of the 9, one is public sector company and 8 are private sector company. The share of these companies in terms of first year business in 2020 is 85.9 percent, further it has also been taken in view that all the companies are selling unit linked product. Although the share of LIC in terms of first year premium is low, but still it is in the top in terms of total premium receipt, further the share of life insurance business is still 64.21 percent with LIC and 35.79 percent with all other 23 private insurance companies; therefore to make a comparison between public and private players LIC has been placed on the top. To make the collected data analysis meaningful, advanced statistical tools like Ratios, Rate of Return (ROR), Absolute Return, Annualized Rate of Returns and Karl Pearson's coefficient of Correlation have been applied. Hypothesis testing was done using at 95 percent confidence level or 0.05 percent level of significance. Further to analyse the NAV of different companies, historical data of last three years on the basis of NAV at the end of the month have been taken into consideration along-with monthly closing value of BSE SENSEX. Microsoft excel have been used to prepare table, graph, calculate and to analyse the data.

Data Analysis and Interpretation

Data showing company-wise Market Share on the basis of first year premium, number policies issued, number of lives covered under group scheme in terms of Premium Receipt as during the year 2019 and 2020.

Table 1

Name of Life Insurance Company	Market Share in terms of Sum Assured
ICICI Prudential Life	15.47
Max Life	14.52
Tata-AIA Life	13.67
HDFC Standard Life	13.13
SBI Life	9.17
Aditya Birla	6.73
Bajaj Allianz Life	4.61
PNB Met Life	4.6
Others (14)	14.10
LIC of India	4

(Source: Compiled from IRDAI report)

The above data reveals that 96 percent share is of private life insurance players and the market share of Life Insurance Corporation of India is 4 percent, in terms of first year premium, number policies issued, number of lives covered under group scheme. ICICI Pru Life is leading with 15.47 percent market share followed by Max Life, Tata AIA Life, HDFC Standard Life and other 14 companies with 14.1 percent market share, therefore, for the purpose of data analysis in the present study life insurance players which have market share of 4 percent and above have been selected. While calculating the above market share in term of sum assured, individual single premium, individual non-single premium, group single premium, group non-single premium and group yearly renewable premium have been considered. Market share of LIC in terms of first year premium receipt is decreasing and showing negative growth of 41.46 percent in the year 2020-21 when compared with the financial year 2019-20, but when the above selected companies are compared in terms of total business premium terms in percentage of Life Insurance Corporation is on the top and its market share and it's share is increasing by 3.45 percent in 2020-21, but again decreasing in 2021-22, therefore, for the purpose of this study all the companies listed in table 1 above and having market share of 4 percent and above have been selected for study. LIC is selected to make a comparison with the NAV of ULIP Funds of Public Sector and Private Sector insurance players.

Table 2: Market Share in term of overall business for the last five years

Year	**Life Insurance Corporation of India**	**Private Life Insurance Players**
2016-17	71.81	28.19
2017-18	69.36	30.64
2018-19	57.21	42.79
2019-20	66.22	33.78
2020-21	64.21	35.79

(Source: Compiled Annual Reports of IRDAI year 2016-17 to 2020-21)

The above table reveals that market share of Life Insurance Corporation is decreasing in terms of overall business and private players increasing on year to year basis, but still holding the position of giant in the life insurance sector of India. One interesting figure has also been revealed by the above table that in 2019-20 the share of LIC has been increased and the private players have been decreased, this may be due to the spread of covid-19 and being a public sector enterprise, therefore people showed more confidence during pandemic on public sector company.

Table 3: Asset Under Management in ULIP Fund (Figures in Crores)

Year	**Life Insurance Corporation of India**	**Growth Rate in percentage over the previous year**	**Private Life Insurance Players**	**Growth Rate in percentage over the previous year**
2017-18	70765.58	--	309075.46	--
2018-19	43530.49	-38.49	334410.55	8.20
2019-20	34272.09	-21.26	377153.33	12.78
2020-21	24871.92	-27.43	348200.25	-7.68
2021-22	24775.51	-0.38	498054.21	43.04

(Source: Annual Reports of IRDAI for the year 2017-18 to 2021-22)

The above table reveals that the asset under management in ULIP Fund is decreasing in case of Life Insurance Corporation over the last five years and showing negative growth rate when compared from the AUM of the previous financial year. Whereas the Assets Under Management in ULIP Fund of private players is increasing every year but growth rate is negative only in the year 2020-21. Increase of Asset Under Management indicates that the premium collection under the Unit Linked Insurance Plan by Private Life Insurance Players is increasing as well as number of policies issued are increasing. Further table 1 is showing that first year premium during the year 2019 and 2020 in case of policies are increasing in case of Private Life Insurance Players. Therefore, it is concluded that when we talk about ULIP, the private players are leader in the business.

Companies and their ULIP products selected for study are as under:-

1. Life Insurance Corporation of India (Equity Growth Fund)
2. ICICI Prudential Life Insurance Company Ltd. (Equity Growth Maximizer Fund)
3. Max Life Insurance Company Ltd. (High Growth Fund)
4. TATA AIA Life Insurance Company Ltd. (Equity Fund)
5. HDFC Life Insurance Company Ltd. (Equity Maximizer Fund)
6. SBI Life Insurance Company Ltd. (Smart ULIP)
7. Aditya Birla Life Insurance Company Ltd. (Pure Equity Fund)
8. Bajaj Allianz Life Insurance Company Ltd. (Equity Growth Fund-II)
9. PNB Met Life India Insurance Company Ltd. (Growth Fund)

Return on Investment

1. Return at the end of first year are as under: $((R_{12} - R_1)/R_1)*100$
2. Return at the end of second year as under: $((R_{24} - R_1)/R_1)*100$
3. Return at the end of third year as under: $((R_{36} - R_1)/R_1)*100$
4. Absolute Return = {(Current NAV-Initial NAV)/Initial NAV}*100
5. NAV = {(Value of Current Assets + Market Value of Investment held) - Value of Current Liabilities)}/Total Number of outstanding Units of date.

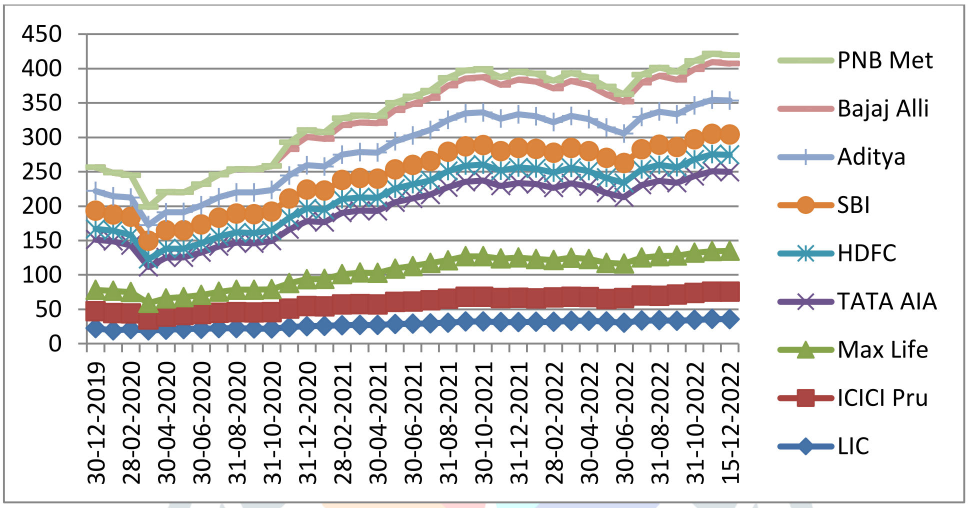
Table 4 Showing the NAV value at the end of each month of respective Life Insurance Company

Month & Year	NSE Sensex	LIC	ICICI Pru	Max Life	TATA AIA	HDFC	SBI	Aditya	Bajaj Alli	PNB Met
Dec, 2019	41,253.74	22.48	24.87	30.98	73.03	15.48	26.23	28.84	34.44	0
Jan, 2020	40,723.49	19.48	25.02	32.3	72.07	15.44	23.36	26.69	34.25	0
Feb, 2020	38,297.29	21.04	22.9	31.07	67.87	15.19	26.48	27.94	32.64	0
March, 2020	29,468.49	19.06	16.14	23.86	52.47	11.38	26.59	23	26.14	0
April, 2020	33,717.62	20.35	19.05	26.63	59.29	12.91	26.8	26.04	29.56	0
May, 2020	32,424.10	21.28	20.51	26.05	57.68	12.63	26.89	26.36	28.75	0
June, 2020	34,915.80	21.66	21.25	27.86	61.84	13.57	27	27.97	30.53	0
July, 2020	37,606.89	22.51	22.28	30.62	66	14.5	27.09	29.94	32.81	0
Aug, 2020	38,628.29	22.76	22.85	32.81	68.5	14.92	27.18	31	33.82	0
Sept.,2020	38,067.93	22.05	23.14	33.4	67.45	14.72	27.26	31.91	33.55	0
Oct, 2020	39,614.07	21.95	23.88	33.31	70.23	15.28	27.35	31.45	34.82	0
Nov, 2020	44,149.72	24.11	26.8	37.09	78.27	17.09	27.42	33.68	38.33	10
Dec, 2020	47,751.33	25.55	29.01	39.24	84.37	18.4	27.51	35.49	40.88	10.01
Jan, 2021	46,285.77	25.95	28.03	40.02	82.76	18.13	27.59	35.04	40.01	9.84
Feb, 2021	49,099.99	26.87	30.25	43.87	89.31	19.75	27.66	37.18	42.81	10.21
March, 2021	49,509.15	27.26	30.2	45.83	90.21	19.31	27.74	38.02	42.95	10.29
April2021	48,782.36	27.14	29.76	45.97	90.06	19.21	27.81	37.79	42.8	10.25
May, 2021	51,937.44	28.71	31.85	48.72	96.1	20.13	27.88	40.74	45.33	10.73
June, 2021	52,482.71	28.83	32.4	51.59	98.17	20.84	27.95	42.78	45.82	10.8
July,2021	52,586.84	29.73	33.2	54.48	99.14	20.89	28.03	45.05	46.51	10.85
Aug, 2021	57,552.39	30.55	34.85	55.92	106.08	23.41	28.1	46.33	49.82	11.31
Sept, 2021	59,126.36	32.19	35.95	58.91	108.29	23.41	28.18	47.9	50.79	11.53
Oct, 2021	59,306.93	32.37	35.94	58.75	110.04	23.37	28.25	47.56	51.28	11.59
Nov,2021	57,064.87	31.18	35.26	57.38	105.55	22.29	28.33	47.07	49.1	11.43
Dec, 2021	58,253.82	31.58	35.37	58.32	108.15	22.73	28.41	48.8	50.58	11.57
Jan, 2022	58,014.17	31.71	34.04	57.35	108.8	22.74	28.49	47.4	50.53	11.62
Feb, 2022	56,247.28	31.78	35.51	54.21	105.13	22.1	28.57	44.8	49.02	11.38

Mar, 2022	58,568.51	33.37	34.77	56.76	107.94	22.84	28.65	46.75	50.74	11.64
April, 2022	57,060.87	33.35	34.15	55.75	105.39	22.3	28.73	46.76	49.41	11.52
May, 2022	55,566.41	32.26	32.64	52.59	101.76	21.87	28.83	44.11	48.26	11.31
June, 2022	53,018.94	30.66	35.83	50	96.35	20.94	28.93	42.78	46.21	11.05
July, 2022	57,570.25	33.51	36.69	55.09	105.48	22.72	29.04	46.87	50.09	11.61
Aug, 2022	59,537.07	33.97	35.61	57.78	109.33	23.32	29.17	48.27	52	11.95
Sept, 2022	57,426.92	33.36	37.86	56.91	105.85	22.48	29.29	47.69	50.12	11.71
Oct, 2022	60,746.59	34.44	39.15	58.56	111.55	24.12	29.42	49.11	52.72	12.06
Nov, 2022	63,099.65	36.01	39.38	59.07	116.24	24.7	29.56	49.73	54.54	12.35
Dec. 2022	61,337.81	35.74	39.8	59.49	114.62	24.86	29.63	49.4	53.74	12.28

(Source BSE India)

Graph 1 Showing monthly NAV of selected Life Insurance Companies



(Source: Compiled report of historical data of relevant company)

Table 5: Company-wise and Year-wise Rate of Return calculated on the basis of NAV

Name of Company	Return for the Year 2020 in percentage	Return for the Year 2021 in percentage	Return for the Year 2022 in percentage	Absolute Return in percentage
BSE Sensex	7.02	29.25	3.56	48.44
Life Insurance Corp	0.32	38.70	60.18	15.14
ICICI Prudential Life Insurance Company Ltd	7.76	41.78	58.34	9.68
Max Life Insurance	19.72	85.21	90.67	16.83
TATA AIA Life Insurance	7.18	44.53	59.17	6.71
HDFC Life Insurance Co.	10.4	44	59.56	8.91
SBI Life Insurance Company	4.54	8	12.70	11.03
Aditya Birla Life Insurance	16.78	63.21	72.43	12.1
Bajaj Allianz Life Insurance	11.30	42.57	58.36	13.3
PNB Met Life Insurance	0.1	14.3	23.5	3.8

(Source: Complied annual reports of life insurance players)

From the above table it is concluded that in terms of absolute return Max Life Insurance Company Ltd is a leading private sector company and left behind all the private players in terms of absolute return as well as compounded annual growth rate which are 16.83 and 90.67 respectively, followed by Life Insurance Corporation that have an absolute return of 15.14 percent over the long period of 17 year since 2005, the year of inception of the growth fund, however the Max Life has also issued the present fund in the year 2008 as compared to LIC 's in 2005. So both the funds are performing well as compared to other private life insurance players. If analysed in terms of equity and debt growth fund of max life having 97.2 percent in equity and 1.4 percent in debt instruments 1.4 in other instruments, whereas LIC is having 75.3 percent in equity, 24.7 in debt instruments. Both the funds have high risk aptitude.

Hypothesis 1

$H1_0$ Performance of the Stock Market has No influence on the NAV value of Life Insurance Corporation of India ULIP Plan - Growth Fund.

$H1_1$ Performance of the Stock Market has influence on the NAV Value of Life Insurance Corporation of India ULIP Plan- Growth Fund

Table 6: Correlation between BSE Sensex and Life Insurance Corporation

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.9726**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.9726**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 ($p< 0.05$) at confidence level of 0.01. Since the $P<0.05$, the performance of Life Insurance Corporation is dependent on the performance of the BSE Sensex.
This implies that when BSE Sensex will increase, the value of NAV of LIC Growth Fund plan will increase and vice versa.

Hypothesis 2
$H2_0$ Performance of the Stock Market has No influence on the NAV value in Growth Maximizer Plan of ICICI Prudential Life Insurance Company Ltd
$H2_1$ Performance of the Stock Market has influence on the NAV Value in Growth Maximizer Plan of ICICI Prudential Life Insurance Company Ltd.

Table 7: Correlation between BSE Sensex and ICICI Prudential Life Insurance Company Ltd.

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.9859**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.9859**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 ($p< 0.05$) at confidence level of 0.01. Since the $P<0.05$, the performance of the NAV value of the growth maximize plan of ICICI Prudential Life Insurance Company Ltd is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Hypothesis 3
$H3_0$ Performance of the Stock Market has No influence on the NAV value of Max Life (High Growth Fund).
$H3_1$ Performance of the Stock Market has influence on the NAV Value of Max Life (High Growth Fund).

Table 8: Correlation between BSE Sensex and Max Life Insurance Company Ltd.

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.9876**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.9876**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9776, and P =0.001 ($p< 0.05$) at confidence level of 0.01. Since the $P<0.05$, the performance of the NAV value of the Max Life (High growth Plan) is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Hypothesis 4
$H4_0$ Performance of the Stock Market has No influence on the NAV value of TATA AIA life Insurance Equity Fund Plan.
$H4_1$ Performance of the Stock Market has influence on the NAV Value of TATA AIA Life Insurance Equity Fund Plan.

Table 9: Correlation between BSE Sensex and TATA AIA Life Insurance Company Ltd.

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.9984**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.9984**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 ($p< 0.05$) at confidence level of 0.01. Since the $P<0.05$, the performance of the NAV value of TATA AIA Life Insurance Equity Fund Plan is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Hypothesis 5

$H5_0$ Performance of the Stock Market has No influence on the HDFC Life Insurance Equity Maximizer Fund Plan.

$H5_1$ Performance of the Stock Market has influence on the HDFC Life Insurance Equity Maximizer Fund Plan

Table 10: Correlation between BSE Sensex and HDFC Life Insurance Company

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.9977**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.9977**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 ($p< 0.05$) at confidence level of 0.01. Since the $P<0.05$, the performance of the NAV value of the HDFC Life Insurance Equity Maximizer Fund Plan is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Hypothesis 6

$H6_0$ Performance of the Stock Market has No influence on the SBI Life Insurance Smart ULIP Fund Plan

$H6_1$ Performance of the Stock Market has influence on the SBI Life Insurance Smart ULIP Fund Plan

Table11: Correlation between BSE Sensex and NAV of Smart ULIP Plan Fund of SBI Life

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.7780**
	Sig. (2 Tailed)		0.007
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.7780**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 ($p< 0.05$) at confidence level of 0.01. Since the $P<0.05$, the performance of the NAV value of the SBI Life Insurance Smart ULIP Fund Plan is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Hypothesis 7

$H7_0$ Performance of the Stock Market has No influence on the NAV value of Pure Equity Fund of Aditya Birla Life

$H7_1$ Performance of the Stock Market has influence on the NAV Value in Growth Maximizer Plan of Pure Equity Fund of Aditya Birla Life.

Table 12: Correlation between BSE Sensex and of Pure Equity Fund of Aditya Birla Life

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.9825**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.9825**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 ($p< 0.05$) at confidence level of 0.01. Since the $P<0.05$, the performance of the NAV value of the of Pure Equity Fund of Aditya Birla Life is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Hypothesis 2

$H8_0$ Performance of the Stock Market has No influence on the NAV value of Equity Growth Fund of Bajaj Allianz Life Insurance.

$H8_1$ Performance of the Stock Market has influence on the NAV Value of Equity Growth Fund of Bajaj Allianz Life Insurance.

Table13: Correlation between BSE Sensex and Equity Growth Fund of Bajaj Allianz Life Insurance.

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.998**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.998**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 (p< 0.05) at confidence level of 0.01. Since the P<0.05, the performance of the NAV value of Equity Growth Fund of Bajaj Allianz Life Insurance is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Hypothesis 9

$H9_0$ Performance of the Stock Market has No influence on the NAV value of Growth Fund Plan of PNB Met Life.

$H9_1$ Performance of the Stock Market has influence on the NAV of Growth Fund Plan of PNB Met Life

Table 14: Correlation between BSE Sensex and Growth Fund Plan of PNB Met Life

		Sensex	Life Insurance
Sensex	Pearson correlation	1	0.9816**
	Sig. (2 Tailed)		0.001
	N	36	36
Life Insurance Corp.	Pearson Correlation	0.9816**	1
	Sig. (2 Tailed)	0.001	
	N	36	36

**Correlation is significant at the 0.01 level (2 Tailed)

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis. Null Hypothesis is Rejected as Pearson Correlation is 0.9726, and P =0.001 (p< 0.05) at confidence level of 0.01. Since the P<0.05, the performance of the NAV value of the growth maximize plan of Growth Fund Plan of PNB Met Life is dependent on the performance of the BSE Sensex. The performance of the fund is dependent upon the performance of BSE Sensex.

Findings

1. Private player Max Life (High Growth Fund) is offering high rate of return in comparison of public sector Life Insurance Corporation of India (Growth Fund), both the plans have been issued under ULIP plan.
2. NAV of all the life insurance players and their funds are positively correlated with the movement of BSE SENSEX. Hence there are possibilities of affecting the NAV of ULIP plan issued by life insurance companies both public and private by external factors. Alternative hypothesis have been accepted, but there is a difference between the return given by BSE SENSEX and the ULIP plan of all the life insurance players.
3. Private Life Insurance Players are capturing the market share of Life Insurance Corporation on year to year basis. Private Life Insurance players are adopting more aggressive strategy for selling their product. When investment of the premium received made by insurance companies were observed it is found Assets Under Management of private life insurance companies are continuously increasing and LIC is decreasing. In terms of ULIP product, it can be concluded that Private Life Insurance Companies are Leader.
4. Since the NAV of ULIP products have positive correlation with the movement of stock market, as a result it is concluded that value of NAV is affected by both internal as well as external factors and there is presence of both systematic risk and unsystematic risk.
5. Future prospects of the Life Insurance Industry are very high, because in India the Life Insurance density is only 59 US dollar only as compared with the world's 360 US dollar. So spending on Life Insurance products in India is poor when compared with Asian Countries as well as with European. All other countries are above India in terms of Life Insurance Density except Sri Lanka and Pakistan.

Limitations

The study is based upon historical data so the results may be suffering from the limitation of data. Further, in the present study NAV for the last three years have been analysed and the return shown are based on that data, therefore, it is advised to all the retail investors as well as corporate investor to study and analysed the NAV and other risk associated with life insurance before investing in any product.

Conclusion

The Insurance Regulatory and Development Authority of India is continuously making efforts to regulate and simplify the ULIP products, till 2017 in spite of several amendments, the transaction cost of the product was high due to levy of commission, mortality charges, administration charges etc., but from 2017 ULIP products are only subject to 1.35 percent charges on premium paid and remaining amount shall be invested in the capital market, therefore, as a result the return on this product is enhanced qualitatively. Private Life Insurance companies are showing higher growth in the ULIP policies as compared to ULIP policies issued by Life Insurance Corporation of India, the asset under management of private players are also increasing year on year basis, they are also toping in terms of first year premium receipt as well as number of policies issued. LIC has to make a competitive and transparent strategy for issuing unit linked product to come up with the private competitors. Further risk of the ULIP product is totally born by the investors and it is a historical fact that ULIP product are giving better return in long term, therefore, policyholders should be appraised with the fact that your investment are subject to lock in period of five years. The cases of mis-selling by the corporate agents of both the LIC and private players are increasing year on year basis, so an investor awareness program need to be launched to reduce the cases of mis-selling along-with development of an online grievance redressal system. ULIP products are positively correlated with the movement of share market and it is expected to grow share market by the year 2030, but the same is under the high internal and external risk, the investor alone is not getting the whole profit, then whey he is left with to bear all the risk of loss, the insurer is also supposed to bear the part of risk. There is bright future of life insurance products in India because only 3 percent of the population is under life insurance protection; this is due to the poor insurance density and spending habits of Indian. The other argument for this is that average per capital income is increasing and insurance provide safety and security to the family of insured, therefore, following the Maslow's motivation theory, every individual spend excess fund on the safety and security need after meeting all necessary needs.

References

1. Cooper Donald R., Business Research Methods, New Delhi, Tata McGraw Hill Education Private Limited, 2009
2. Gupta, S. P., Statistical Methods, New Delhi, Sultan Chand & Sons., 2008.
3. Kothari, C.R., Research Methodology Methods and Techniques, New Delhi, New Age International Pvt Ltd, Publishers., 2004.
4. Annual Report Insurance Regulatory and Development Authority of India Year 2017-18 to 2021-22.
5. Divya Y. Lakhani (2011) "A Study of Unit Linked Insurance Plans of ICICI Prudential Life Insurance", "International Research Symposium on Management, Technology and Engineering Science" on November, 2011.
6. Pant, Niranjan (1999) 'Insurance Regulation and Development Bill: An Appraisal', Economic and Political Weekly, 34:45, pp. 3166-3169.
7. Ranade, Ajit, Ahuja, Rajeev. (1999) 'Life Insurance in India: Emerging Issues', Economic and Political Weekly, Money, Banking and Finance, 34:3/4, pp. 203-205 & 207-212.
8. Rao, D Tripati. (1999) 'Life Insurance Business in India: Analysis of Performance', Economic and Political Weekly, 34:31, pp. 2174-2181.
9. Robert, T. Kleiman., Anandi, P Sahu. (1991) 'Life insurance Companies as Investment Managers: New Implications for Consumers', Financial Services Review, 1:1, and pp. 23-34.
10. Stowe, D.John, (1978) 'Life Insurance Company Portfolio Behavior', The Journal of Risk and Insurance, 45:3, pp.431-447.
11. K Vidhyawati (2017), 'Rise and fall of ULIPs in Indian Insurance Market', published in Journal of Corporate Governance and Risk Management pp 44-54.
12. www.licindia.in, sbilife.co.in, maxlifeinsurance.com, hdfclife.com, bajajallianz.com, iciciprulife.com, pnbmetlife.com, lifeinsurance.adityabirlacapital.com.