

Study of Investment Pattern of Investors in ULIP

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Abstract: *The concept of ULIP came in to existence in 1960's to provide an optimum balance between protection and investment. ULIP distinguishes itself through the multiple benefits it provides to the policyholders. These plans are designed with a view to help the customers to utilize the market opportunities by investing in the share market, capital market and at the same time have the facility of Death Benefit and Maturity Benefit. Unit-linked life insurance products are those where the benefits are expressed in terms of number of units and unit price. They can be viewed as a combination of insurance and mutual funds. The number of units that a customer would get would depend on the unit price when he pays his premium. The daily unit price is based on the market value of the underlying assets (equities, bonds, government securities, etc.) and computed from the net asset value. The advantage of unit-linked plans is that they are simple, clear, and easy to understand. Being transparent the policyholder gets the entire upside on the performance of his fund. Besides all the advantages they offer to the customers, unit-linked plans also lead to an efficient utilization of capital. Unit-linked products are exempted from tax and they provide life insurance. Investors welcome these products as they provide capital appreciation even as the yields on government securities have fallen below 6 per cent, which has made the insurers slash payouts*

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