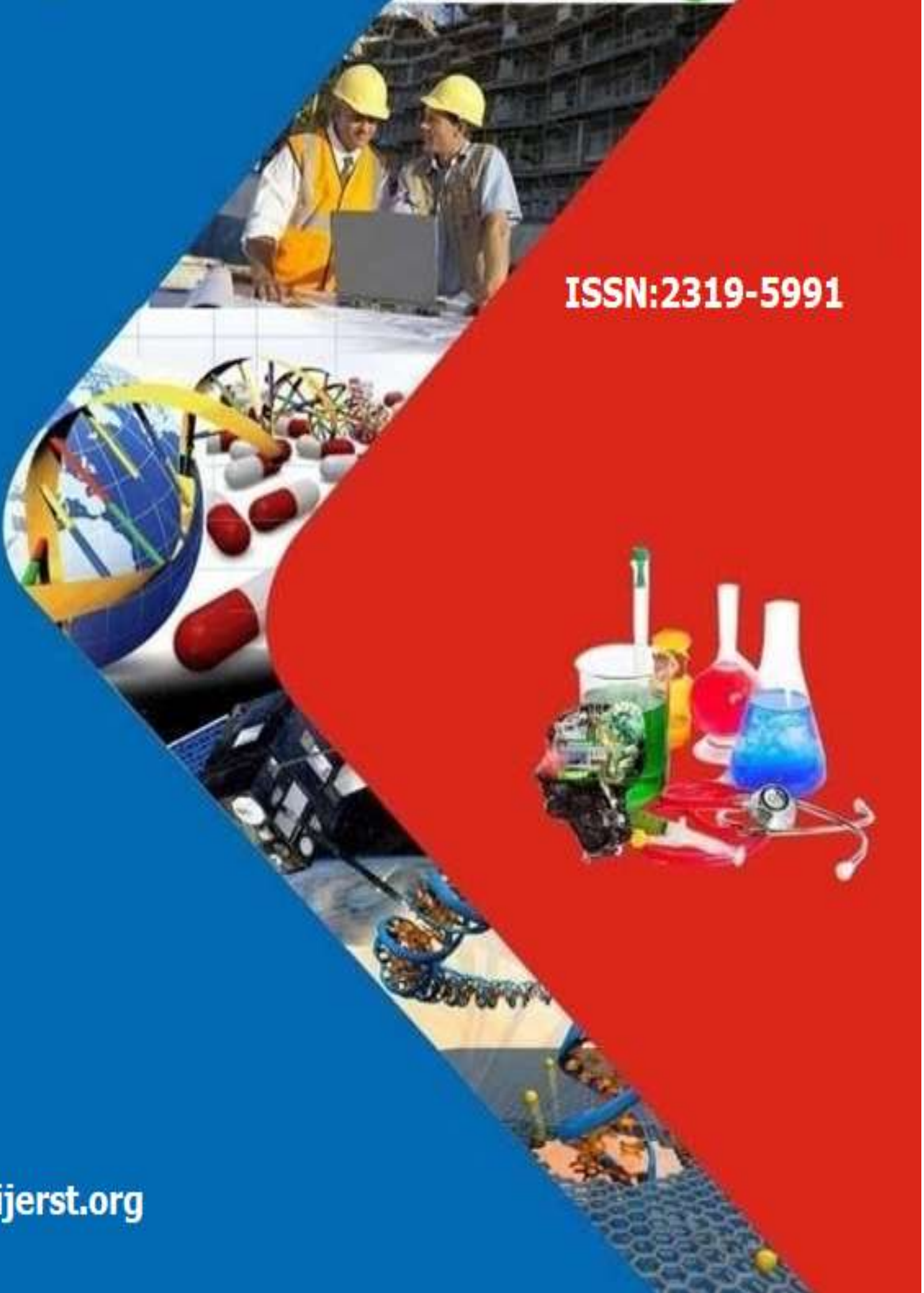
IJERST

International Journal of Engineering Research and Science & Technology



ISSN:2319-5991

www.ijerst.org

E-mail: editor@ijerst.org or ijerst.editor@gmail.com

ISSN 2319-5991 www.ijerst.com
Vol. 21, Issue 2, 2025

A STUDY ON INVESTOR PERCEPTION TOWARDS UNIT LINKED INSURANCE PLANS WITH REFERENCE TO SBI LIFE INSURANCE

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ABSTRACT

Unit-Linked Insurance Plans (ULIPs) seamlessly integrate investment and insurance, offering a flexible financial solution. They provide policyholders with life insurance coverage while enabling them to allocate funds across various investment options, optimizing returns based on market performance. This summary highlights ULIPs' key features, benefits, and essential considerations for investors.

The core components of ULIPs include premium payments, which are allocated between insurance coverage and investment funds. This allows policyholders to tailor their financial plans to meet specific goals. With a range of fund options, including debt, equity, and hybrid, ULIPs offer flexibility and diversification within a single policy.

INTRODUCTION

A Unit-Linked Insurance Plan (ULIP) is a life insurance product that offers both protection and investment flexibility, allowing policyholders to benefit from life cover and potential investment returns. The policy value fluctuates based on the performance of underlying assets represented as units, tracked by Net Asset Value (NAV), making them an effective tool for structured financial planning.

Unit-Linked Insurance Plans (ULIPs) offer a dual benefit of investment and life insurance, providing a versatile financial solution for individuals seeking security and wealth creation. By allowing fund allocation across asset classes like mutual funds, bonds, and stocks, ULIPs cater to diverse risk appetites and financial objectives.

Definition:

A Unit-Linked Insurance Policy (ULIP) is a hybrid life insurance product combining protection and investment benefits, with returns tied to market performance, offering potential for growth alongside life cover. Policyholders contribute regular premiums that are split into two segments: one covers insurance expenses, while the remaining amount is combined with funds from other policyholders and invested in a portfolio of stocks, bonds, or both. The specific distribution of investments varies by insurer, offering a flexible structure with potential for growth.

NEED FOR THE STUDY

This research offers valuable insights into the role of Unit Linked Insurance Plans (ULIPs) in financial planning by examining the interactions and evolving dynamics between investors and companies. It underscores the dual benefits of ULIPs—merging protection with investment—to demonstrate how they can foster financial growth for investors. Furthermore, the study evaluates customer perception and awareness, providing companies with essential information to tailor their products and services to meet investor needs effectively. Ultimately, these insights help cultivate strong, mutually beneficial relationships between investors and companies, laying a solid foundation for the development of future projects.

SCOPE OF THE STUDY

This study provides a comprehensive examination of the Unit Linked Insurance Plans (ULIPs) offered by SBI Life Insurance, a subsidiary of SBI Bank. It delves into the risks associated with securities and explores effective strategies to mitigate potential losses

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in both investment and income. The analysis enriches the understanding of individuals seeking strategic investment solutions by highlighting how well-balanced decisions can yield attractive returns with minimal risk. Moreover, the study investigates customer perceptions, satisfaction levels, and behaviors, with a particular focus on urban and semi-urban segments, to offer a nuanced perspective on investor needs and preferences. Overall, these insights empower investors and financial institutions alike to tailor their products and enhance future project development.

OBJECTIVES OF THE STUDY

1. Study investors' perceptions on wealth maximization through ULIPs.
2. Understand investors' expectations and attitudes towards ULIPs.
3. To study select Unit-Linked Insurance Plans (ULIPs) offered by SBI Life Insurance and explore the benefits of ULIPs.
4. Investigate investors' perceptions, attitudes, and opinions about ULIPs.
5. Evaluate investor satisfaction with ULIP investments.

REVIEW OF LITERATURE

Satyanarayana et al. (2024) provided a comprehensive performance evaluation of ULIPs offered by leading private insurers in India. Their work examined how the investment component—reflected in parameters such as the Net Asset Value (NAV) and Average Rate of Return (AROR)—is subject to market fluctuations. They highlighted that the returns on ULIPs are directly tied to equity market movements, thus positioning them as sensitive to the same systematic risks that affect conventional market instruments.

Anitha (2023) explored investor perceptions of ULIPs as tools for wealth maximization. This research showed that despite the innovative switching facility inherent in ULIPs—which allows investors to reallocate assets in response to market changes—the degree of investor engagement and understanding remains varied. According to the study, a significant number of policyholders are not fully aware of, or do not optimally utilize, the flexibility offered, thereby diluting one of ULIPs' most compelling features..

Dr.O.P Jain, 2018) Unit Linked Insurance Plans (ULIPs) have been a subject of extensive discussion, paving the way for diverse research that has yielded significant insights. Findings indicate that 40% of respondents actively monitor market fluctuations, while only 36% are aware of trading options. This highlights a considerable gap in market knowledge among retail investors, who largely rely on the credibility of life insurers and the expertise of fund managers.

(Devi, 2018) A cost and return-based analysis suggests that investors primarily seek secure and high-yield returns on their hard-earned money. According to Devi (2018), asset management companies demonstrate greater transparency compared to ULIPs. In the case of ULIPs, investors often lack a clear understanding of NAV calculations and the mechanisms determining their return.

RESEARCH METHODOLOGY

Research methodology is essential for framing the entire research process, as well as for selecting the appropriate designs and tools required for a project. It plays a critical role in uncovering investor perceptions within the insurance industry, enabling researchers to gather reliable and insightful data.

Sources of data:

The data collection process involves preparing and gathering information from both primary and secondary sources. The study primarily relies on primary data, which was collected from investors in the insurance industry using a structured questionnaire administered to 100 respondents.

- **Primary data** – The study is mainly based on primary data collected through a structured questionnaire

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administered to 100 respondents, specifically targeting investors in the insurance industry.

- **Secondary data** - Additional information was gathered from websites, online journals, published reports, and a review of literature from previously published articles.

Research design: Descriptive Research Design

Descriptive research design is a methodology that systematically describes a population, situation, or phenomenon by examining its characteristics, trends, and patterns to provide an accurate and comprehensive overview.

Sampling technique: Convenience sampling methods

Convenience sampling is a non-probability method where participants are selected based on ease of access and availability, facilitating quicker and more efficient data collection.

LIMITATIONS OF THE STUDY

- This study examines ULIP investors' perceptions in the insurance industry, focusing on SBI Life Insurance in the Hyderabad region.
- It analyses factors influencing investors' perceptions and identifies constraints faced by them.
- The research uses a qualitative approach to explore evolving perceptions.
- The study is based on a questionnaire survey within the industry, capturing individual opinions.
- The findings may not be generalizable to the broader population.
- The research focuses on a single product and compares it with similar offerings

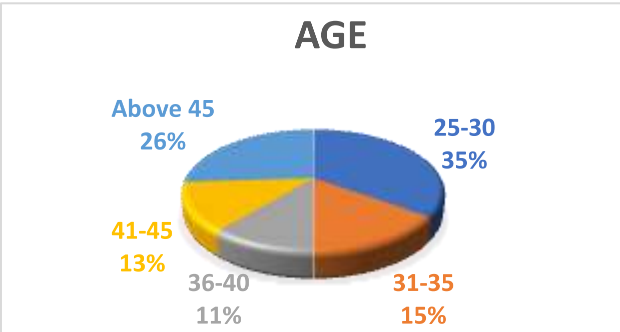
DATA AANALYSIS AND INTERPRETATION

1. This table indicates the age of the respondents:

Table 1: Age of respondents

	No of respondent	Percentage (%)
25-30	35	35%
31-35	15	15%
36-40	11	11%
41-45	13	13%
Above 45	26	26%
Total	100	100%

Figure 1: Age of respondents



INTERPRETATION

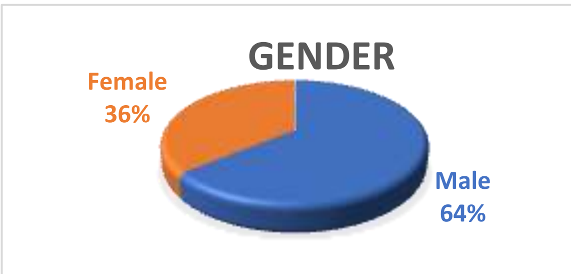
According to the table, the age distribution of respondents is as follows: 35% are between 25-30 years old, 15% are between 31-35 years old, 11% are between 36-40 years old, 13% are between 41-45 years old, and 26% are 45 years old and above.

2. This table indicating the gender of the respondents

Table 2: Gender of the respondents

Gender of the respondents	No. of. Respondents	Percentage (%)
Male	66	66%

Figure 2: Gender of the respondents



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Female	44	36%
Total	100	100

INTERPRETATION

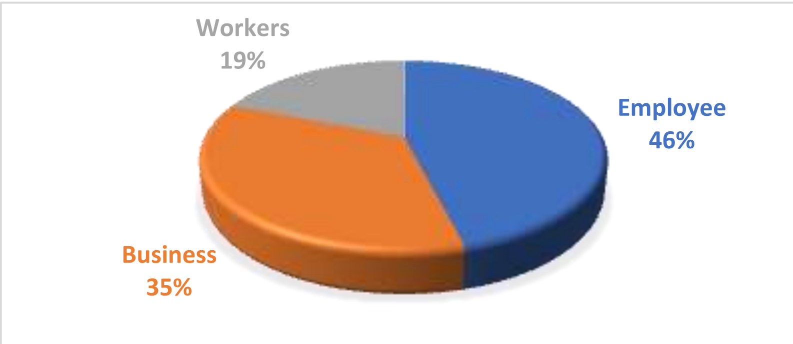
From the above table it is interpretated as 36% of the respondents are Female and 64% of the respondents are Male.

3. This table indicating the occupation of the respondents

Table 3: Occupation of the respondents

Occupation of the respondents	No of the respondents	Percentage (%)
Employee	46	46%
Business	35	35%
Workers	19	19%
Tota1	100	100%

Figure 3: Occupation of the respondents



INTERPRETATION

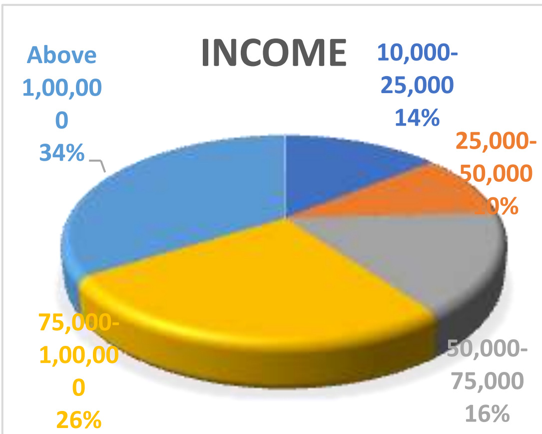
According to the table, the Occupation of Respondents are represented as 46% of respondents are employees, 35% of respondents are business owners/entrepreneurs, and 19% of respondents are workers.

4. This table indicating the income of the respondents

Table 4: Income of the respondents

Respon dents of the income	No. of Respondents	percentage
10,000-25,000	14	14%
25,000-50,000	10	10%
50,000-75,000	16	16%
75,000-1,00,000	26	26%
Above 1,00,000	34	34%

Figure4: Income of the respondents



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Total	100	100%

INTERPRETATION

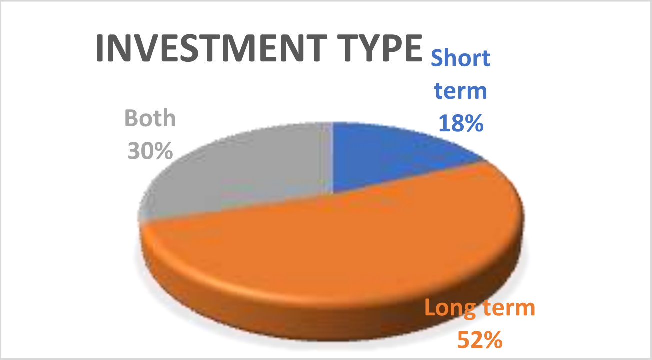
From the above table the income distribution of respondents is as follows: 14% earn between ₹10,000-25,000, 10% fall within ₹25,000-50,000, 16% are in the ₹50,000-75,000 range, 26% have incomes between ₹75,000-1,00,000, and 34% earn above ₹1,00,000.

5. This table indicates the type of investment they preferred

Table 5: Type of investment

	No. of the respondents	Percentage (%)
Short term	28	18%
Long term	42	52%
Both	30	30%
Total	100	100%

Figure 5: Type of investment



INTERPRETATION

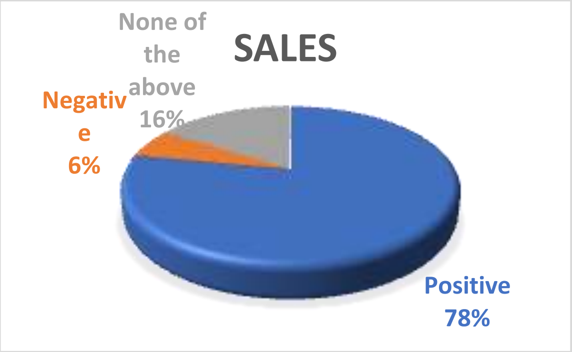
The investment preferences of respondents are as follows**:** 52% favor long-term investments**,** 18% prefer short-term investments**,** and 30% opt for a combination of both short-term and long-term investments**.**

6. This table indicating the overall perception about ULIP investment

Table 6: Overall perception

	No of Respondents	Percentage (%)
Positive	78	78%
Negative	6	6%
None of the above	16	16%
TOTAL	100	100%

Figure 6: Overall perception



INTERPRETATION

A significant majority of respondents, 78%, hold a positive perception, while a small minority of 6% have a negative perception. The remaining 16% fall into the "none of the above" category, indicating a predominantly favorable outlook among the respondents.

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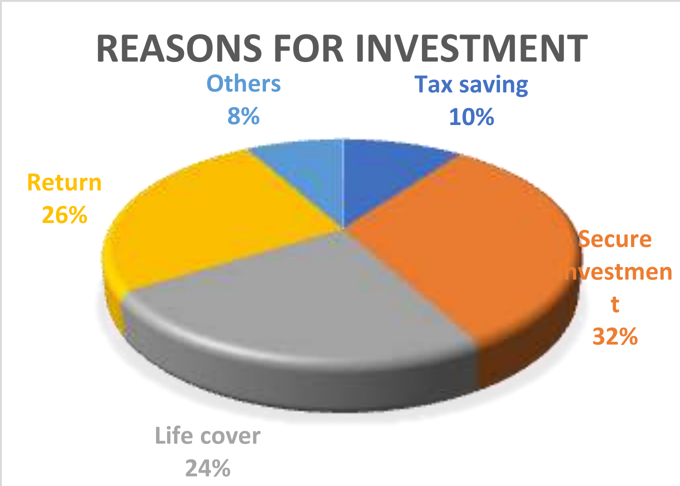
7. This table indicating the reasons for make investment

Table 7: Reasons for make investment

	No. Of Respondents	Percentage (%)
Tax saving	10	10%
Secure investment	32	32%
Life cover	24	24%
Return	26	26%
Others	8	8%
TOTAL	100	100%

Figure 7: Reasons for make investment



INTERPRETATION

The investment priorities of respondents vary, with secure investment being the top priority at 32%, followed by returns at 26%, life cover at 24%, tax saving at 10%, and other factors at 8%. This suggests that security and returns are the most important considerations for investors.

8. This table indicating the reasons for investing in ULIP

Table 8: Reasons for investing in ULIP

	Strongly agree	Agree	neutral	Dis agree	Strongly dis agree	Total
Tax rebate	45	24	18	10	3	100
Life insurance	46	38	10	5	1	100
Capital growth	43	40	11	6	0	100
Investment of excess money	20	28	20	20	12	100
liquidity	15	25	38	12	10	100

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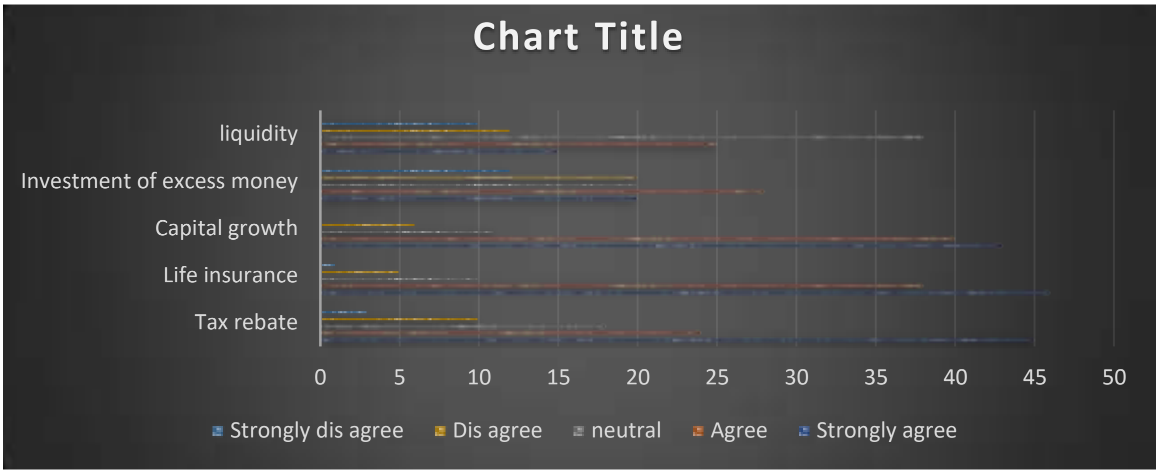
Figure 8: Reasons for investing in ULIP



INTERPRETATION

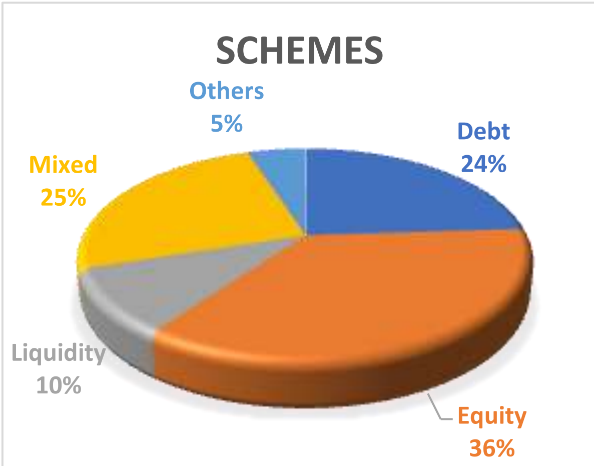
Most investors choose ULIPs mainly for life insurance, tax benefits, and capital growth. Liquidity and using excess money for investment are less important factors, with mixed opinions from investors. Many are uncertain about ULIPs providing easy access to funds.

9. This table indicates the ULIP scheme they have invested in

Table 9: ULIP scheme they have invested

	No of Respondents	Percentage (%)
Debt	24	24%
Equity	36	36%
Liquidity	10	10%
Mixed	25	25%
Others	5	5%
TOTAL	100	100%

Figure 9: ULIP scheme they have invested



INTERPRETATION

The investment preferences of respondents are diverse, with 36% favoring equity investments, 25% opting for mixed investments, 24% preferring debt investments, 10% prioritizing liquidity, and 5% invested in other options. Equity investments are the most.

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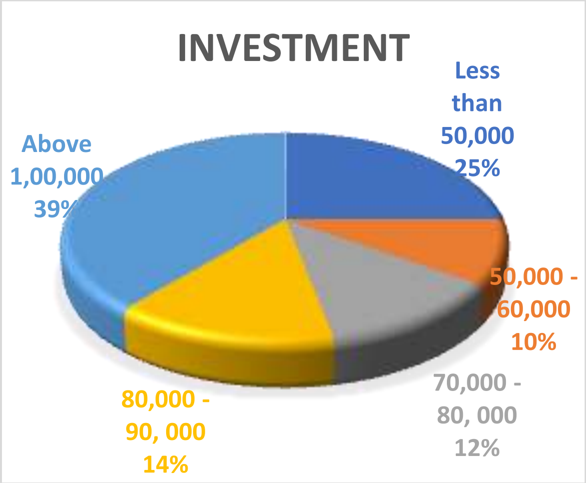
10. This table indicates how much money was invested in the ULIP.

Table 10: money invested

	No of respondents	Percentage (%)
Less than 50,000	25	25%
50,000 - 60,000	10	10%
70,000 - 80, 000	12	12%
80,000 - 90, 000	14	14%
Above 1,00,000	39	39%
TOTAL	100	100%

Figure 10: money invested



INTERPRETATION

The investment amounts vary significantly among respondents, with 39% having investments above ₹1,00,000, while 25% have invested less than ₹50,000. The remaining respondents are distributed across different ranges: 14% in ₹80,000-₹90,000, 12% in ₹70,000-₹80,000, and 10% in ₹50,000-₹60,000.

FINDINGS

- The largest proportion of respondents (35%) are aged between 25-30 years.
- The majority of respondents (64%) are male.
- The majority of respondents (52%) prefer long-term investments.
- A significant proportion of respondents (78%) have a positive view.
- The largest proportion of respondents (32%) consider ULIP a secure investment.
- The largest proportion of respondents (36%) invested in equity.
- The largest proportion of respondents (39%) invested above ₹1,00,000.
- The largest proportion of respondents (52%) got moderate returns in ULIP.

SUGGESTIONS

Below are some suggestions based on the findings of the project report on customer perception toward ULIPs. These recommendations focus on enhancing clarity, improving digital engagement, and increasing customer education to foster a better overall experience.

- ULIP investment offers tax-saving benefits, which can increase investors' perception of ULIP as a viable investment option and encourage them to invest more in insurance companies. Tax-saving is a valuable benefit for investors.
- Many investors consider ULIP a safe and secure investment, which can lead to increased income and profits. Safety is a top priority for investors, and ULIPs can encourage continuous investment.
- ULIP investments can lead to wealth maximization and improve financial growth for investors. Many investors appreciate the potential for high returns, and ULIPs can provide a good income stream.

CONCLUSION

ULIPs (Unit Linked Insurance Policies) are gaining popularity due to their unique features and advantages. Unlike traditional insurance policies, where premiums and assured sums are fixed, ULIPs offer flexibility in both. The transparency and flexibility of

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ULIPs have contributed to their widespread popularity. Over time, these plans have successfully adapted to meet various needs, from life insurance to retirement planning.

Today, ULIPs provide comprehensive solutions for clients, including insurance planning, financial planning for children's futures, and retirement planning. For those seeking low exposure to the equity market with tax-free returns, investing in a conservative fund ULIP is a viable option. Additionally, ULIPs can serve as a disciplined investment tool for individuals who struggle with regular investments.

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