



Class: MSc

Subject :

Subject Code:

Chapter: Unit 2 Chapter 1

Chapter Name: Unit linked insurance plans

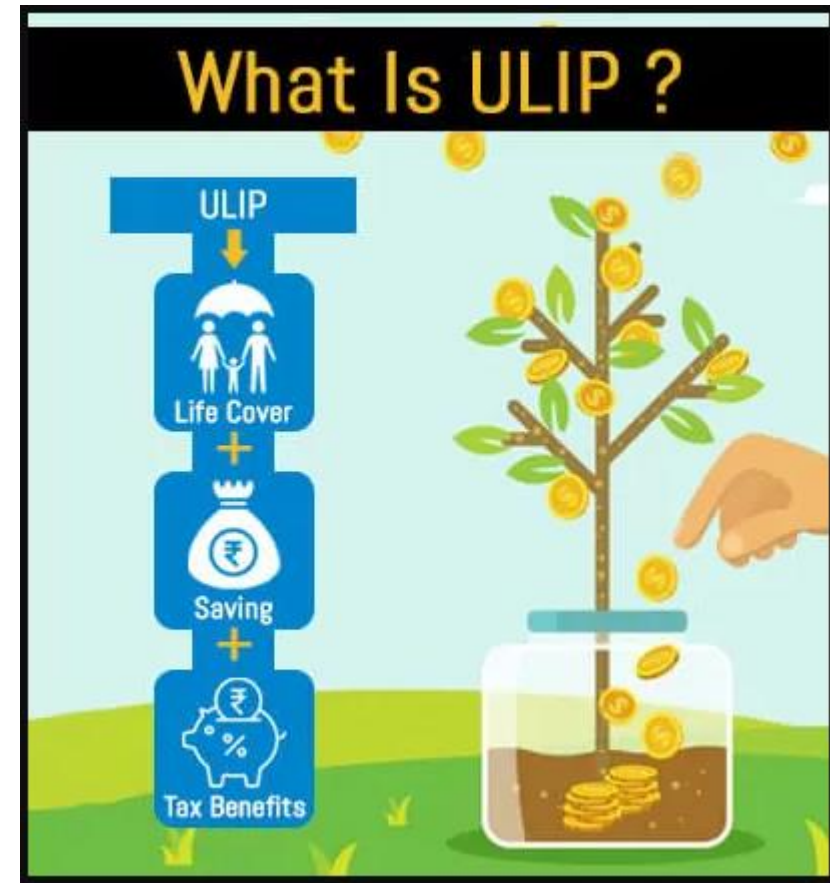
Today's Agenda

1. Introduction
 1. Features
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 3. Benefits
 4. Reasons to invest in ULIP
 5. Types of ULIP
 6. ULIP charges
 7. Factors that affect premiums
 8. Documents required to purchase plans
 9. Exclusions
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11. Claim process
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13. Top insurance companies offering ULIP

1 Introduction



A unit linked insurance plan (ULIP) is a multi-faceted product that offers both insurance coverage and investment exposure in equities or bonds.



1.1 Features

Savings + Protection

1

Comparatively higher premium rates

2

Meeting Long term goals

3

Tax Benefits

4

Surrender Benefit

5

Wealth Creation

6

Unit Linked
Insurance Plan

1.2 Who should buy ULIP?

Those who wish to closely track their investments

Unit linked insurance plans allow policy takers to closely monitor their portfolios. They also offer the flexibility to switch your capital between funds with varying risk-return profiles.

Individuals with a medium to long term investment horizon

ULIPs (Unit Insurance Linked Plans) are ideal for individuals who are ready to stay invested for relatively long periods of time.

Those with varying risk profiles

Across the seven funds offered, the equity component varies from zero to a maximum of 100 per cent. Thus there is a choice of funds available to all types of investors – from risk-averse investor to those investors who have strong risk appetite.

Investors across all life stages

This plan category offers a variety of plans which can be opted for depending upon the life stage you are in and your needs and financial liabilities at that point in time.

1.3 Benefits

- Makes Saving a Habit
 - Offers Protection
 - Flexible Investments
 - Tax Benefits
 - Growth Potential
 - More Rewards Over Time
- Income Tax Benefits of ULIP

1.4 Reasons to invest in a ULIP

Unit Linked Insurance Plans offer the dual benefit of both – insurance and protection. With high returns on investment, ULIPs are one of the most popular investment products on the market. If you are wondering why you should invest in ULIPs, here are seven compelling reasons to add ULIPs to your investment portfolio:

1. Dual Benefits
2. Tax-Exemptions
3. Top-Up the Policy at any time
4. Option to Switch Fund Allocations
5. Higher Returns compared to other popular Investment Products

1.5 Types of ULIP

Having yourself covered under a comprehensive life insurance policy and also mobilizing your idle savings is a really prudent investment strategy. There are many types of ULIPs categorized in different ways, when being approached with different mind sets. ULIPs are popularly categorized by risk, and by investment objective.

What are the different types of ULIP Investments?

- Equity Funds:
- Income, fixed-interest, and bond funds:
- Cash Funds:
- Balanced Funds:

ULIPs based on the investment objectives:

- To fund your child's education:
- To build a corpus of funds:

1.5 Types of ULIP

ULIPs available for creating wealth:

- Life stage based / non-life stage based:
- Guarantee / non-guarantee:
- Single premium / regular premium:
- To plan for retirement:
- To meet medical or personal emergencies:

1.6 ULIP charges

Unit-Linked Insurance plan (ULIP) offers dual benefits of insurance and investment. Unlike traditional insurance products, ULIPs are subject to various risk factors, where the return is directly proportionate to market conditions. ULIP offered by various insurance companies have varying charge structures.

- Premium Allocation Charges in ULIP
- Administration Charges in ULIP
- Fund Management Charges in ULIP
- Surrender or Discontinuance Charges in ULIP
- Partial Withdrawal Charges in ULIP
- Mortality Charges in ULIP
- Switching Charges in ULIP
- Premium Redirection Charges in ULIP
- Guarantee Charges in ULIP
- Rider Charges in ULIP
- Miscellaneous Charges in ULIP

1.7 Factors that affect premiums

- Age
- Health
- Investment amount
- Investment objective
- Policy term
- Fees and charges
- Performance of the fund
- Riders

1.8 Documents Required to Purchase Plan

To purchase a Unit-Linked Insurance Plan (ULIP), you will need to provide the following documents:

- Identity Proof
- Address Proof
- Passport Size Photographs
- Proposal Form
- Cheque or Online Payment

1.9 Exclusions

ULIPs generally have some exclusions which may vary depending on the policy terms and conditions. Here are some common exclusions under ULIP:

- Suicide
- Fraud
- Participation in Hazardous Activities
- War and Terrorism
- Natural Disasters
- Pre-existing Illnesses

1.10 Riders

- Waiver of Premium Benefit Rider
- Accidental Death Benefit Rider
- Accidental Permanent Total/Partial Disability Benefit Rider
- Critical Illness Benefit Rider
- Family Income Benefit Rider

1.11 Claim Process

ULIP stands for Unit Linked Insurance Plan. It is an investment product that combines investment and insurance into one. The claim process for a ULIP is as follows:

1. Intimation of Claim
2. Submission of Documents
3. Verification of Documents
4. Settlement of Claim

1.12 Documents Required for Claim Process

The following documents may be required to settle claims of ULIP:

1. Claim Form
2. Original Policy Document
3. Death Certificate
4. Identity Proof
5. Bank Account Details
6. Medical Records

1.13 Top insurance companies offering ULIP

1. Aegon Life ULIP Plans

Aegon Life Imaximize
Aegon Life Invest

2. Aviva Life ULIP Plans

Aviva Life Bond Advantage
Aviva Live Smart

3. Bajaj Allianz ULIP Plans

Bajaj Allianz Life Goal Assure
Bajaj Allianz Future Gain

4. Bharti AXA Life ULIP Plans

Bharti AXA Life eFuture Invest
Bharti AXA Life Grow Wealth

5. Aditya Birla Sun Life ULIP Plans

ABSLI Wealth Max
ABSLI Wealth Assure



Question

S

1) Mr. Sharma is considering investing in a ULIP. What is one advantage of investing in a ULIP compared to a traditional life insurance policy?

- a) ULIPs offer guaranteed returns
- b) ULIPs have lower premiums
- c) ULIPs provide investment flexibility
- d) ULIPs have shorter policy terms

2) Ms. Patel is interested in investing in a ULIP but is worried about the charges and fees associated with it. Which of the following charges is levied on ULIP investors?

- a) Policy administration charges
- b) Premium allocation charges
- c) Fund management charges
- d) All of the above



Question S

3) Mr. Kumar has invested in a ULIP with a fund value of Rs. 1,00,000. At the end of the policy term, the fund value has increased to Rs. 1,50,000. How much money will Mr. Kumar receive at maturity?

- a) Rs. 1,00,000
- b) Rs. 1,50,000
- c) Rs. 2,00,000
- d) It depends on the surrender charges and fees applicable.