



Perception of women policyholders towards investment in ULIP: A study in LIC at Chennai city

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Abstract

Insurance may be described as a social device to reduce or eliminate risk of life and property. Under the plan of insurance, a large number of people associate themselves by sharing risk, attached to an individual. Unit Linked Insurance Plan (ULIP) provides the life insurance where the policy value at any time varies according to the value of the underlying assets at the time. ULIP is life insurance solution that provides the benefits of protection and flexibility in investment. In today's times, ULIP provides solutions for insurance planning, financial needs, financial planning for children's marriage planning etc., Unit Linked Insurance Plan is a financial product that offers life insurance as well as an investment like a mutual fund. The objective of the study is to form the perception of women investors towards ULIP and to measure perception. The study is exploratory in nature and survey method is used to complete it. This study is helpful to find out the perception of women policyholder towards ULIP in LIC.

Keywords: financial planning, perception, risk & ULIP

Introduction

There is a plan in LIC like ULIP covering risk for availing return because it's based on the capital market ups and down. Unit Linked Insurance Plan (ULIP) is a life insurance policy which consists of risk cover and investment. In this plan, the investment risk is generally borne by the investor. Investment returns from ULIP are not being assured. So how the women policyholders are focusing on ULIP and Perceived risk attitude have to be measured in this research. In general, men's decision making is different from women. This research is also take part to measure women perceived risk on ULIP.

Literature Review

James (2008) ^[1] stated that understanding the probabilities of the occurrence of risks leading to loss investing in ULIP, it is possible to convert risk situations into catalysts for driving the economic momentum in society. In fact that insurance is public good; regulation, self-regulations and standards normally require that rates and terms are fair, reasonable and not excessive.

Gaikwad and Vibhute (2013) ^[2] observed that the insurance industry is in a turbulent situation. This study facilitates the insurance companies to know the opinions of customers regarding insurance industry and specifically opinions towards traditional and ULIP plans. Along with this, the company and advisors would understand the exact demand of samples, the parameters of customer satisfaction, factors customers consider while selecting the policy and opinions on advisors advocacy by which company and advisors can design their sales program, sales speech, local strategies and the like. A study was conducted among policy holders in Kolhapur city, India. The researcher concluded that the LIC is the major player amongst sample customers. Traditional plans are preferred more by samples followed by ULIP and customers'

preferences for selecting the insurance company are inclined towards service quality, reputation, trustworthiness and future plans/ vision of a company.

Nagarajan (2013) ^[5] elucidated that Indian Insurance Industry recorded several milestones in the past hundred years. Currently it has grown tremendously, with stringent regulatory framework protecting the interests of the Investors. Life Insurance Corporation of India is the Public Sector undertaking which is the market Leader, in Life Insurance Sector. A descriptive study was conducted on Unit-Linked Insurance Plans (ULIP) by selecting top five Private Insurance Companies in India. The performances of all the products were tested for their dependency on the performance of stock market using the Hypothesis. ROR and Annualized ROR were used as tools for Data Analysis and Correlation with t-Test was used for testing the Hypothesis. From the study it can be concluded that, Reliance Life has good returns for the Investors, and can be further improved. At the same time, company has to understand the product of its competitor (PNB Met Smart), which is performing better.

Need of the study

ULIP- provides for life insurance where the policy value at any time varies according to the value of the underlying assets at the time. ULIP is life insurance solution that provides for the benefits of protection and flexibility in investment. A research survey is needed to know about the women perception of ULIPS as an investment alternative who perceive Life Insurances are not only best suited for the purpose of insuring their life, but also are capable of meeting future financial challenges effectively. Hence, this study explores women perception and awareness level of Unit Linked Insurance Policy (ULIP) in LIC in Chennai.

Objective of the study

- To find out the association between demographic variable and perceived risk level of insured women on ULIP in Life Insurance Corporation.
- To provide suggestions to improve the women investment behaviour towards ULIP in LIC.

Methodology

Population was user of ULIP in LIC within Chennai; Individual woman respondent was the sampling element. Sample Size was 520 only female. For the purpose of the study Non Probability Quota Sampling was used. Data have been collected through a self-designed questionnaire. Item to total correlation to check the internal consistency of the questionnaires, Reliability test to check the reliability of the

questionnaire with the help of Cronbach Alpha, proper analysis has been used to find out the factors of perception of customer towards ULIP in Chennai were used as a tool.

Analysis of interpretation

Any assumption cannot be converted into hypothesis without applying statistical techniques. Statistical tools such as Descriptive statistics (Mean and standard deviation) Independent Sample t-test, One way ANOVA test and Chi-square analysis. Following hypothesis statements were tested to increase the reliability of assumptions made for this descriptive research.

- There is an association between age, education, income, employment and familiarity of the women investors and their perceived risk behaviour in ULIPS.

Table 1: Association between Age Groups of Respondents and their Perceived Risk towards Investing in ULIP

Sl. No	Age	Perceived risk level towards investing in ULIP				c ²	P
		High	Normal	Low	Total		
1	Up to 35 Years	20	45	93	158		
		3.85%	8.65%	17.88%	30.38%		
2	36 to 50 Years	35	61	132	228	24.254	0
		6.73%	11.73%	25.38%	43.85%		
3	Above 50 Years	14	38	82	134		
		2.69%	7.31%	15.77%	25.77%		
Total		69	144	307	520		
		13.27%	27.69%	59.04%	100.00%		

Source: Primary Data

Table 2: Association between Education of Respondents and their Perceived Risk attitude in Investing in ULIP

Sl. No	Education	Perceived risk attitude towards investing in ULIP				c ²	P
		High	Normal	Low	Total		
1	Up to Graduate	24	33	64	121		
		4.62%	6.35%	12.31%	23.27%		
2	PG	13	36	117	166	16.966	0.002
		2.50%	6.92%	22.50%	31.92%		
3	Professional	32	75	126	233		
		6.15%	14.42%	24.23%	44.81%		
Total		69	144	307	520		
		13.27%	27.69%	59.04%	100.00%		

Source: Primary Data

Table 3: Association between Income of Respondents and their Perceived Risk Behaviour in Investing in ULIP

Sl. No	Income	Perceived risk towards investing in ULIP				c ²	P
		Good	Normal	Poor	Total		
1	Up to 3 lakh	19	38	89	146		
		3.65%	7.31%	17.12%	28.08%		
2	3.1 lakh - 6 lakh	27	55	139	221	40.014	0
		5.19%	10.58%	26.73%	42.50%		
3	Above 6 lakh	23	51	79	153		
		4.42%	9.81%	15.19%	29.42%		
Total		69	144	307	520		
		13.27%	27.69%	59.04%	100.00%		

Source: Primary Data

Table 4: Association between Employment of Respondents and their Perceived Risk Behaviour

Sl. No	Employment	Perceived risk level towards investing in ULIP				c ²	P
		High	Normal	Low	Total		
1	Private organization	28	77	167	272		
		5.38%	14.81%	32.12%	52.31%		

2	Government organization	33	50	111	194		
		6.35%	9.62%	21.35%	37.31%	34.456	0
3	Self Employed	8	17	29	54		
		1.54%	3.27%	5.58%	10.38%		
Total		69	144	307	520		
		13.27%	27.69%	59.04%	100.00%		

Source: Primary Data

Findings

- Chi-Square test was applied to identify the association between women policyholders and their Perceived risk towards investing in ULIP plans based on their age, education, income, work place and association with LIC. It is observed that the chi-square value is greater than the p value 0.001. So the null hypothesis is rejected at 1% level of significance. Hence there is association with the above given variable with perceived risk towards investing in ULIP plans
- A Unit Linked Insurance Plan (ULIP) is a product offered by insurance companies that, unlike a pure insurance policy, gives investors both insurance and investment under a single integrated plan. This study reveals that 36 to 50 years old women investors had low perceived risk level towards investing ULIP (N=132 and 25.38%) schemes in LIC, especially women professionals had moderate level of perceived risk (N=75 and 14.42%) towards in investing in ULIP.
- Income is the main reason for investing money in saving and insurance schemes, in this study reveals that mid income women are (Income annually from 3 to 6 lakh) interested compare to other income groups (N=139 and 26.73%) and above 7 years of associated with LIC people also had (N=80 and 15.38%) perceived risk level in investing their money in ULIP based policies.
- Government employees showed high level of perceived risk (N=33 and 6.35%) on the same scheme.
- It is concluded that the investing in ULIP attains the score as (High- 69, Normal- 144, and Low- 307). In overall there is a mindset among the policyholders that there will be less risk if they invest in ULIP in LIC and Most of the policyholders' opinion falls into Low level perceived risk of investing in ULIP.

Suggestion

- ULIP - which provides risk cover for the policy holder along with investment options to invest in any number of qualified investments such as stocks, bonds or mutual funds.
- LIC's 'New Endowment Plus' Plan - A unit linked insurance plan, gives the dual benefit of capital appreciation and insurance protection.
- LIC must identify the young age customers who are really interested in taking risk and earning more
- Continuous programme may be conducted to attract the existing as well as new customers.

Conclusion

This study reveals that women have great awareness about ULIP plans and product. Women in general have been

influenced by the marketing activities of Life insurance Corporation of India. During the study the researcher found that there are four major factors like Risk, Return, Benefits, NAV and Switching plans which determine the perception of investors to invest in ULIP at LIC.

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