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Investor Satisfaction towards Performance of Unit Linked Insurance Plans

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ABSTRACT:

In recent years, ULIP(unit linked insurance plans) have been incredibly popular since they provide investors with the opportunity to invest alongside insurance coverage. The study looks at how investor satisfaction is affected by market conditions, asset allocation decisions, the effectiveness of fund management, and related costs. The study revel how investor risk tolerance and demographic factors affect satisfaction levels. This study looks into how satisfied investors are with Unit Linked Insurance Plans (ULIPs), A type of hybrid financial product that combines investment opportunities and life insurance coverage. The financial goals of policyholders significantly impacts the performance of ULIPs, which is primarily determined by the underlying investment funds. By looking at important elements including fund returns, fund management techniques, related fees, and overall policy performance, the study seeks to evaluate investor satisfaction. The study's conclusions add to the body of knowledge by illuminating the variables that, in the context of ULIPs, have a major impact on investor satisfaction. It is anticipated that the results will offer significant perspectives to investors, policymakers, and insurance providers, enabling well-informed choices and enhancing the general comprehension of ULIP performance. In the end, the research seeks to improve the efficiency and openness of the ULIP market, resulting in a more gratifying and profitable investing experience for policyholders.

KEYWORDS: Tax Benefits, Insurance coverage, Investment returns.

INTRODUCTION:

Unit Linked Insurance Plans (ULIPs) are type of Giving policyholders a special way to increase their wealth and secure their financial future. ULIPs have attracted a lot of attention in the personal finance space because they give people the freedom to choose which funds to invest in according to their risk tolerance and financial objectives. Understanding investor satisfaction with the performance of these plans becomes critical as ULIPs gain prominence in the financial landscape. The value proposition for investors is largely influenced by the performance of unit investment partnerships (ULIPs), which is closely linked to the returns produced by the underlying investment funds. This study delves into the nuanced dynamics of investor satisfaction concerning the performance of ULIPs**.**

- **Unit Linked Insurance Plan (ULIP)** is a kind of insurance that combines savings and protection into a single integrated plan, offering the potential to create wealth while providing the security of a life cover. In ULIPs, a portion of your premium is allocated to the life cover, and the remaining portion is assigned to a common fund that invests in debt, equity, or a combination of both. When an investor invests in a ULIP, the insurance company uses a portion of the premium to purchase shares, bonds, and the remaining amount is used to provide an insurance cover. The fund managers at the insurance companies oversee the investments, saving the investor the trouble of inestments.

- **Mutual fund** is a kind of financial instrument that consists of a sum of money gathered from numerous investors for the purpose of investing in securities, bonds, money market instruments, and other assets. Professional money managers run mutual funds, allocating the assets and trying to generate income or capital gains for the fund's investors. The portfolio of a mutual fund is managed and structured to align with the investment goals specified in the fund's prospectus. Small and individual investors can access professionally managed portfolios of stocks, bonds, and other securities through mutual funds. As a result, each shareholder shares in the fund's profits or losses in proportion.

REVIEW OF LITERATURE:

Anant Gupta (2012) Unit-linked insurance products: Investment or insurance? One of the biggest developments in the life insurance industry in recent years has been the introduction of unit-linked insurance plans, or ULIPs. It has addressed and resolved a number of customer concerns regarding life insurance, including those related to liquidity, flexibility, and transparency, with the aid of a single product category.

Mr. Mrunal Joshi and Ms. Tejal Takodia (The Growth of ULIPs in India and Trends in the Life Insurance Sector). The life insurance industry is one of the most significant sectors contributing to the expansion of the Indian economy, and its share of the GDP has been steadily rising in recent years. Due to globalization and liberalization, foreign businesses can now operate in this industry in India—but only as joint ventures, of course.

Asif Ali, Mr. N. Sathyanarayana, and Dr. G. Nagarajan (2013): An investigation into the effectiveness of unit-linked insurance plans (ULIPs) provided by private insurance companies in India There is a chance that human life will end in death or disability from both accidental and natural causes. With life insurance, a person can safeguard themselves against such unforeseen events. Human insurance is known as life insurance. Even though a human life cannot be valued, a financial amount based on future income loss could be calculated.

Maturi Venkata Subba Rao, M.Jyothi Prasad, S. Rajasri, and Dr. N. Ravanthi; ULIPS's performance in contrast to MUTUAL FUNDSWith its rapidly expanding economy turning into an investment-led economy, India is making a comeback as a major player in the global economy. A fervent environment for investing in the Indian equity markets has been created by the ever-expanding impact of economic liberalization, privatization, and globalization; growing incomes, savings, and investments made by individuals to meet their future needs through higher returns; rising risk-return appetites; and booming Indian stock markets, with benchmark indices touching new all-time highs.

A study conducted in 2019 by Amandeep Kaur, Sakshi Sachdeva, and Gourav Sharma examined investors' awareness of unit-linked investment plans (ULIPs). The purpose of this paper is to investigate investor awareness of unit-linked investment plans (ULIPs) as a tool for investing. Unit Linked Investment Plans (ULIPs) were first introduced as investments in the financial markets and were contrasted with insurance. However, Asset Management Companies (AMCs) in ULIPs are sufficiently transparent in comparison to insurance. Investors in insurance are often unaware of how Net Asset Value (NAV), or their return, is determined. The purpose of this study, which is being carried out in Bengaluru, Karnataka, is to determine the level of customer awareness and interest in ULIP.

OBJECTIVES OF STUDY

- To provide a clear and comprehensive understanding of Unit Linked Insurance Plans (ULIPs).

- The study aims to identify and analyze the key factors that influence investor satisfaction towards the performance of ULIPs. These factors may include Tax benefit, Investment returns, Insurance coverage

- An objective is to assess the performance of ULIPs. This includes analyzing historical performance data and identifying trends.

RESEARCH METHODOLOGY:

The data was collected from primary and secondary data. In primary data; a formal questionnaire is used to gather data from 50 respondents chosen adapt random. Two sections make up the collected data.

The investor profile, which includes their gender, occupation, range of yearly income, etc., is presented in the first section. The second section asks questions about their investing style, Tax benefits, considerations for investments, etc.

Ho (1): There is no significant influence of tax benefit over customer satisfaction.

Ho (2): There is no significant influence of Investment returns over customer satisfaction.

Ho (3): There is no significant influence of Insurance coverage over customer satisfaction.

DATA ANALYSIS AND INTERPRETATION

PROFILE OF INVESTOR'S			
Demographic Variables	**Categories**	**No. of Respondents**	**Percent**
Gender	Male	23	44.2
	Female	29	55.8
	Total	52	100
Age	Below 18	0	0
	18-25	41	78.8
	25-35	8	15.4
	35&above	3	5.8
	Total	52	100
Education	10th class	1	1.9
	Intermediate	1	1.9
	Degree	20	38.5
	PG	30	57.7

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	Total	52	100
Occuoational status	Student	42	80.8
	Businessman	2	3.8
	Private employee	5	9.6
	Govt Employee	3	5.8
	Total	52	100
Annual Income	Less Than 250000	33	65.3
	250000 to 500000	10	19.2
	500000 to 1000000	5	9.6
	More Than 1000000	5	9.6
	Total	52	100

The information investor profile the respondents' from the sheds light on demographic traits. The sample seems to be fairly balanced in terms of gender, with 44.2% of respondents being men and 55.8% being women. In terms of age distribution, 78.8% of investors are between the ages of 18 and 25, suggesting that this is a primarily youthful investor population. Regarding education, a significant percentage (57.7%) possesses graduate degrees, indicating that the sample is educated. According to their occupation, the majority of respondents are students (80.8%), with smaller percentages belonging to the business, private, and government sectors. The majority of respondents make less than $250,000 annually, indicating that lower- to middle-class investors make up the majority of the sample.

Confirmatory Factor Analysis

Fit Indices	Recommended	Observed
CMIN	Greater than 5 Terrible, Greater than 3 Acceptable, Greater than 1 Excellent	**2.419**
CFI	Less than 0.90 Terrible, Less than 0.95 Acceptable, Greater than 0.95 Excellent	**.991**
TLI	Greater than 0.9	**.915**
PNFI	Greater than 0.5	**.559**
RMSEA	Greater than 0.08 Terrible, Greater than 0.06 Acceptable, Greater than 0.05 Excellent	**.067**
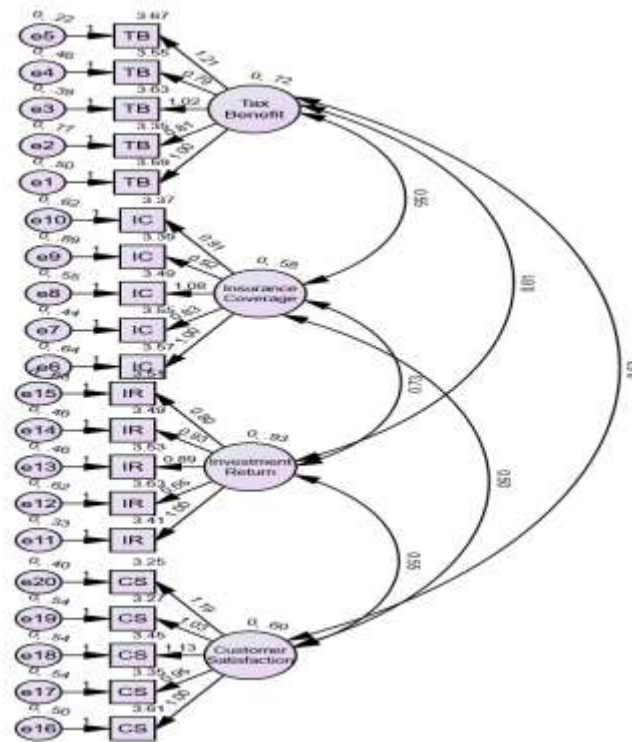
Confirmatory Factor Analysis (CFA) fit indices offer a thorough assessment of how well the model explains the observed data. The Comparative Fit Index (CFI) is a remarkable .991, above the suggested cutoff of 0.95, indicating excellent fit. This suggests that the relationships between the observed variables are accurately represented by the suggested model. The model's acceptability is further supported by the Tucker-Lewis Index (TLI), which at .915 is higher than the preferred threshold of 0.9. In comparison to a null model, the CFI and TLI measure how well the model fits the data; their high values in this analysis indicate a robust fit.

Conversely, the Normed Fit Index (PNFI) registers at.559, below the recommended threshold of 0.5. It is important to interpret this in conjunction with other indices, even though it may suggest areas for improvement. The model's complexity may have an impact on the PNFI, which measures how well the suggested model fits proportionately to a null model. The model appears to capture the underlying structure of the data, even with a lower PNFI, according to the other fit indices, especially the TLI and CFI.

The Root Mean Square Error of Approximation (RMSEA), which is less than 0.06, is within the permissible range at.067. The proposed factor structure is deemed adequate overall, as indicated by the RMSEA result, which evaluates the model's fit to the data per degree of freedom.

All things considered, the CFA fit indices point to a very good match between the model and the observed data. The suggested factor structure is a strong representation of the relationships between the variables, as shown by the extraordinarily high CFI and TLI values. Other indices such as the CFI, TLI, and RMSEA show that the overall model fit is still robust even though the PNFI is below the recommended threshold. Though the current results give confidence in the model's ability to explain the observed patterns in the data, researchers may still refine the model further to improve certain aspects of the fit.

Structure Equation Model

Fit Indices	Recommended	Observed
CMIN	Greater than 5 Terrible, Greater than 3 Acceptable, Greater than 1 Excellent	2.924
CFI	Less than0.90 Terrible, Less than 0.95 Acceptable, Greater than 0.95 Excellent	.974
TLI	Greater than 0.9	.964
PNFI	Greater than 0.5	.592
RMSEA	Greater than 0.08 Terrible, Greater than 0.06 Acceptable, Greater than 0.05 Excellent	.064
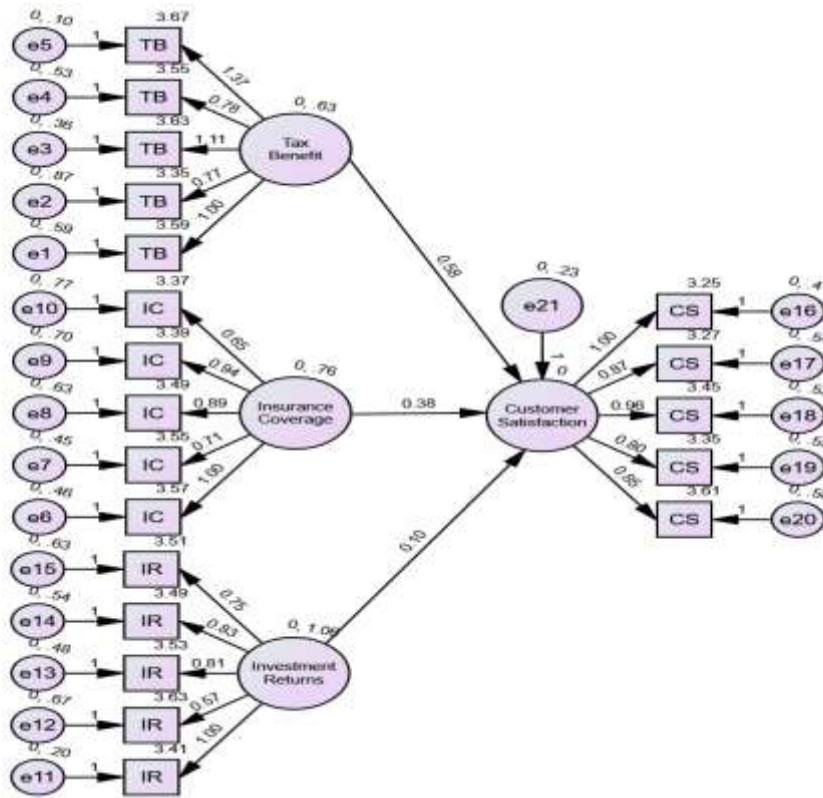
The fit indices of the Structural Equation Model (SEM) offer a thorough evaluation of how well the model fits the observed data. At.974, the Comparative Fit Index (CFI) is exceptionally high, surpassing the 0.95 threshold and signifying an exceptional fit. This implies that the relationships between the latent variables are accurately represented by the model that was given. Additionally strong at.964, the Tucker-Lewis Index (TLI) exceeds the suggested threshold of 0.9, confirming the model's acceptability in explaining the observed data. The Normed Fit Index (PNFI), however, is less than the recommended threshold of 0.5 at.592. In this case, the PNFI, which measures the model's proportionate fit in relation to a null model, is comparatively lower. While this might point to areas where the model could be improved, other fit indices must be taken into account for a thorough assessment.

The applicability range for the Root Mean Square Error of Approximation (RMSEA) is less than 0.06, and it is.064. The overall adequacy of the suggested structural model is supported in this instance by RMSEA, which quantifies how well the model fits the data per degree of freedem.

All things considered, the SEM fit indices point to a good match between the model and the observed data. The high TLI and CFI values confirm that the structural relationships that have been identified fit the empirical data quite well. Even though the PNFI is below the suggested cutoff, it's still vital to consider this in combination with other indices that point to a strong overall fit. The current results provide confidence in the model's ability to explain the latent variable relationships within the dataset, but researchers may still refine the model further to improve certain aspects.

Hypothesis Testing

Hypothesis	P-Value	Result
H1: Tax Benefit & Customer Satisfaction	0.00	Significant
H2: Insurance Coverage & Customer Satisfaction	0.02	Significant
H3: Investment Returns & Customer Satisfaction	.285	Not Significant

The outcomes of the hypothesis testing offer insightful information about the connections between various factors and customer satisfaction. First, the statistical significance of the relationship between Tax Benefit and Customer Satisfaction was indicated by the p-value of 0.00 for Hypothesis 1 (H1). This implies compelling evidence in favor of the claim that tax benefits and customer satisfaction are significantly correlated. It suggests that clients who believe they will benefit from taxes in their financial dealings typically show greater levels of satisfaction.

The p-value for Hypothesis 2 (H2), which examines the relationship between Insurance Coverage and Customer Satisfaction, is 0.02. The relationship is statistically significant because this p-value is less than the traditional significance level of 0.05. H2 is therefore supported, suggesting that clients who have insurance coverage are probably more satisfied.

Nevertheless, a p-value of.285 was obtained for Hypothesis 3 (H3), which examined the relationship between Investment Returns and Customer Satisfaction, surpassing the significance level of 0.05. This implies that the idea that investment returns have a major influence on customer satisfaction is not well supported by the available data. The outcome suggests that investment returns might not be a significant factor in determining customer satisfaction in this particular situation.

In conclusion, the results of the hypothesis tests highlight the importance of insurance and tax benefits in affecting customer satisfaction. In the given study, however, it does not seem that investment returns—as examined in H3—have a statistically significant effect on customer satisfaction. Based on the identified influential factors, these findings offer businesses and practitioners practical insights to refine strategies to improve customer satisfaction.

CONCLUSION:

The study on investor satisfaction with the performance of Unit Linked Insurance Plans (ULIPs) provides useful insights into the factors that influence customer satisfaction. The purpose of the study was to assess how investor satisfaction is affected by investment returns, insurance coverage, and tax advantages. The findings provide useful implications for investors and insurance companies while also furthering our understanding of the dynamics of ULIPs.Significant correlations between insurance coverage and customer satisfaction and tax benefits and customer satisfaction are found through hypothesis testing. Based on available data, investors are more likely to be satisfied if they believe they will receive tax benefits and have insurance**.**

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