



## Research Report on “Comparative Analysis on India First life Guaranteed Plus Plan and Mahajeevan Plan”

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### ABSTRACT

In this research explores the comparative benefits and features of two prominent life insurance products offered by India First Life Insurance: the Guaranteed Protection plus Plan and the Mahajeevan Plan. In the context of an evolving insurance market where consumers seek tailored solutions combining protection and investment growth, these plans address distinct financial needs and demographics.

The India First Life Guaranteed Protection Plus Plan serves as a comprehensive life insurance solution offering guaranteed maturity benefits with an emphasis on providing life cover and financial security to beneficiaries in the event of the policyholder's passing. Key elements such as flexible premium payment terms and the option for additional riders make it appealing for customers who prioritize stable, predictable returns. In contrast, the Mahajeevan Plan is designed as a hybrid product, merging life coverage with wealth accumulation. This plan suits individuals with long-term goals, like retirement or funding education, and incorporates profit-sharing elements that allow policyholders to benefit from potential bonuses and market-linked returns with potential benefits.

### Introduction

1. The insurance industry plays a crucial role in providing financial security and mitigating risk. This paper analyses two specific insurance products offered by India First Life Insurance: the Guaranteed Protection plus Plan and the Mahajeevan Plan. The study aims to offer a comparative overview of these products, examining their features, benefits, and unique selling propositions. By comparing the financial implications and customer satisfaction, the analysis serves as a guide for individuals seeking life insurance plans that balance protection and savings. **IndiaFirst Life Guaranteed Protection Plus Plan**

The **IndiaFirst Life Guaranteed Protection Plus Plan** is a non-linked, non-participating life insurance plan that is primarily designed to provide financial security to policyholders and their families. It offers **guaranteed benefits** at the end of the policy term, making it an attractive choice for individuals who are risk-averse and prefer assured returns. This plan focuses on providing **life cover** alongside a guaranteed return on premiums paid, ensuring that beneficiaries are financially secure in case of unforeseen events. The key features of this plan include flexible premium payment options, the ability to select riders for enhanced coverage (such as critical illness and accidental death benefits), and options for customizing the payout mode (lump sum or monthly income). This product is well-suited for individuals looking to secure their family's financial future while investing in a stable and reliable plan.

2. **IndiaFirst Life Mahajeevan Plan**

The **IndiaFirst Life Mahajeevan Plan** is a hybrid life insurance product that blends **insurance protection** with **savings and wealth accumulation**. This participating endowment plan offers policyholders both life coverage and the opportunity to accumulate wealth over the long term. The Mahajeevan Plan appeals to individuals who seek a combination of financial security and the potential for growth through bonuses. It provides guaranteed maturity benefits along with the potential for additional bonuses linked to the insurer's performance. In addition, this plan also offers the flexibility to avail loans against the policy and has various premium payment options to suit the financial capabilities of different customer segments. The plan's dual benefit of protection and savings makes it ideal for customers looking to meet long-term financial goals, such as funding children's education, retirement planning, or building wealth for future needs.

Both the **Guaranteed Protection Plus Plan** and **Mahajeevan Plan** provide solutions for individuals at different stages of life and financial planning. The **Guaranteed Protection Plus Plan** focuses on stability and security with guaranteed returns, whereas the **Mahajeevan Plan** focuses on wealth creation alongside protection, making it a hybrid solution for customers looking for a balanced approach to their financial planning needs.

In this paper, we will explore and compare the features, benefits, challenges, and customer segments of both these plans, providing a deeper understanding of how each product can serve the varied financial requirements of customers in India.

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## Theoretical Background/Review of Literature

### Risk Management in Life Insurance

Life insurance products serve as essential risk management tools, offering financial security in the event of death or other specified circumstances. This theoretical framework draws on Utility Theory, which suggests that individuals purchase insurance to maximize expected utility by balancing cost and potential benefits. Additionally, the Life-Cycle Hypothesis underlines the importance of life insurance in ensuring a steady income throughout life, especially for families.

### Behavioral Finance and Customer Preferences

Behavioral finance theories, such as loss aversion, are crucial in understanding insurance purchase decisions. Research reveals that customers often prioritize products with guaranteed returns over market-linked plans due to perceived stability. Literature on hybrid insurance products suggests that plans combining guaranteed and market-linked returns, like the Mahajeevan Plan, appeal to younger demographics due to potential growth benefits.

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## Objectives of the Study

1. To provide an overview of the IndiaFirst Life Guaranteed Protection Plus and Mahajeevan Plans.
2. To compare the two plans based on key parameters such as premium structure, maturity benefits, and customer satisfaction.
3. To identify target customer segments and potential improvements for each plan.

### Project Details

#### India First Life Guaranteed Protection Plus Plan

The Guaranteed Protection Plus Plan is a non-linked, non-participating insurance plan offering assured maturity benefits. This plan is ideal for clients seeking a secure return on investment with life coverage as an added benefit. Key features include:

- **Guaranteed Maturity Benefit:** Assures a lump sum payout at the end of the policy term.
- **Flexible Premium Payment Options:** Policyholders can opt for limited or single premium payment terms.
- **Optional Riders:** Additional coverage, such as critical illness or accidental disability, can be added to enhance benefits.

#### India First Mahajeevan Plan

The Mahajeevan Plan is a participating endowment plan that combines life insurance with systematic savings. It targets customers looking for wealth accumulation with life coverage. Key features include:

- **Bonuses and Participation in Profits:** Policyholders may receive bonuses, enhancing the plan's value over time.
- **Life Cover with Savings:** Provides both life cover and wealth accumulation benefits, ideal for individuals focused on long-term goals.
- **Loan Facility:** Allows policyholders to borrow against the plan to meet financial needs during the term.

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## Comparative Analysis

### Financial Structure

The Guaranteed Protection Plus Plan offers a more structured payout with guaranteed returns. In contrast, the Mahajeevan Plan provides growth potential through bonuses, allowing it to appeal to clients interested in wealth accumulation. Premiums for the Guaranteed Protection Plus are generally higher, reflecting the plan's assured benefits, while the Mahajeevan Plan's flexible terms make it accessible for younger policyholders.

### Customer Segments

The Guaranteed Protection Plus Plan is suited to risk-averse clients seeking certainty, whereas the Mahajeevan Plan is targeted toward individuals willing to embrace moderate risk for potential higher returns. The age demographic for Mahajeevan is broader, attracting both younger and middle-aged customers interested in combining life insurance with investment options.

#### 1. IndiaFirst Life Guaranteed Protection Plus Plan

- **Risk-Averse Individuals:** This plan is well-suited for individuals who prioritize financial security and want assured returns without market-related risks. These customers typically prefer guaranteed benefits that protect against market volatility, making this plan a preferred choice for them.

- **Middle-Aged Professionals:** Customers aged 35–50, especially those with dependents, find this plan appealing as it provides both life insurance coverage and guaranteed financial returns. Middle-aged professionals often look for stability in their investment choices and want to ensure that their family's financial future is secure.
- **Conservative Investors:** Individuals who focus on preserving capital rather than maximizing growth will appreciate this plan's guaranteed benefits. These are often people nearing retirement who wish to safeguard their wealth and ensure a steady income stream for their beneficiaries.

## 2. IndiaFirst Mahajeevan Plan

- **Young Professionals and Early-Career Individuals:** The Mahajeevan Plan appeals to younger individuals, typically aged 25–35, who want to start building wealth early while maintaining life coverage. This segment is usually open to longer-term financial commitments and appreciates the savings component that grows over time with bonuses.
- **Growth-Oriented Customers:** Those who seek both insurance protection and the potential for wealth accumulation are ideal for the Mahajeevan Plan. These customers may be comfortable with some level of risk associated with participating endowment plans that offer bonuses in addition to guaranteed benefits.
- **Families with Long-Term Financial Goals:** Customers planning for significant life goals, such as funding their children's education or building a retirement fund, often choose this plan for its dual benefits of protection and savings. The policy's structure encourages disciplined, long-term saving, making it suitable for families with these financial objectives.
- **High-Income Individuals Seeking Tax Benefits:** This plan is also appealing to high-income individuals who look for tax benefits on their premium payments and maturity benefits. The combination of life cover, savings, and tax incentives makes the Mahajeevan Plan an attractive option for tax-conscious investors.

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## Challenges and Limitations

### Common Limitations

Both plans lack market-linked returns, which may deter younger customers seeking high-growth options. Additionally, limited flexibility in the Guaranteed Protection Plus Plan's premium payments and payout structure may reduce its appeal for certain client segments.

The IndiaFirst Life Guaranteed Plus Plan and the Mahajeevan Plan have several benefits, but they also come with some challenges and limitations that potential buyers should be aware of.

### IndiaFirst Life Guaranteed Plus Plan:

1. **Limited Flexibility in Investment Choices:** While it offers guaranteed returns and a safe investment option, the plan does not allow for much customization or flexibility compared to unit-linked insurance plans (ULIPs). This can be a drawback for those seeking a broader range of investment options.
2. **Penalties for Early Withdrawal:** Surrendering the policy early may result in penalties or reduced benefits. The maturity benefits and bonuses might not be as attractive if the policy is discontinued early [Ten News BusinessWise](#)
3. **Charges and Fees:** There are administrative and fund management charges that can reduce the overall returns, and the policy's charges may not always be transparent [Policybazaar](#)

### India First Life Mahajeevan Plan:

1. **Grace Period Limitations:** The plan offers a 30-day grace period for missed premium payments. However, if premiums are not paid for two consecutive years, the policy could be canceled. This makes it somewhat restrictive for individuals who might experience temporary financial difficulties [Policybazaar](#).
2. **Surrender and Lapse Risks:** If premiums are not paid for three full years, the policy could acquire a "Paid-up Value," but the benefits are reduced, which might be unsatisfactory if the policyholder intended to fully benefit from the plan.
3. **Suicide Clause:** The coverage for death due to suicide is limited within the first year of the policy. Only 80% of the premium paid will be refunded, which may not offer adequate protection for policyholders in such unfortunate situation.

### Policybazaar

In summary, while both plans provide essential life coverage, savings, and guaranteed returns, they come with certain limitations, especially regarding policy cancellations, early withdrawals, and flexibility in managing premium payments. These aspects should be carefully considered before opting for these plans.

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### Plan-Specific Challenges

- **Guaranteed Protection Plus Plan:** High premiums and limited customization in coverage restrict its accessibility for lower-income customers.
- **Mahajeevan Plan:** Returns are relatively lower compared to other investment options like mutual funds, and its lock-in period limits liquidity.

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### Learnings and Recommendations

#### Key Learnings

1. **Customer-Centric Product Development:** Flexibility in premium payments and payout options are valued features that can enhance product attractiveness.
2. **Importance of Digital Transformation:** Integrating digital channels for customer engagement can significantly improve customer satisfaction and retention.
3. Flexible premium payment options (monthly, quarterly, annual) and additional riders (e.g., critical illness or accidental coverage) are important factors that enhance the appeal of both plans, helping to attract a wider audience.
4. **Importance of Flexibility**

**Financial Flexibility:** Both plans offer some degree of financial flexibility through the moneyback option and riders like the waiver of premium, which help policyholders cope with unforeseen financial hardships or changing life stages.

**Adaptability to Life Changes:** Flexibility in these plans allows policyholders to adjust to major life events like marriage, the birth of children, or changes in income. However, compared to other insurance products like ULIPs, the degree of flexibility is still somewhat limited.

5. **Impact of Digital Transformation**

Customers increasingly expect digital accessibility for managing policies, making it essential for insurance providers to offer online platforms or mobile apps that simplify policy management, payment, and customer support.

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### Recommendations

1. **Enhanced Flexibility:** Adding monthly or quarterly premium payment options can make these plans accessible to a wider audience.
2. **Customized Marketing Strategy:** Targeted marketing for each plan based on customer age, income, and risk tolerance will enhance market penetration.
3. **Digital Channels and Customer Education:** Leveraging digital platforms to educate potential clients on each plan's benefits will increase transparency and trust.
4. **Enhance Product Flexibility**

Introduce more flexible payment options for both plans to cater to varying financial capabilities, such as monthly and quarterly payments. This would allow customers with lower or fluctuating incomes to maintain coverage without strain.

Consider additional customization options, such as adding more optional riders (e.g., critical illness, disability cover) to allow customers to tailor the plan to their needs.

#### 5 Boost Customer Education:

Develop a comprehensive customer education campaign to clarify the unique benefits of each plan, leveraging digital content such as videos, brochures, and webinars. This would help increase transparency and improve customer decision-making.

- Provide clear comparisons of both plans to help customers understand which product aligns better with their financial goals.

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### Conclusion

This comparative analysis reveals that both the Guaranteed Protection plus Plan and the Mahajeevan Plan address distinct customer needs. While the Guaranteed Protection plus Plan offers financial security with assured returns, the Mahajeevan Plan appeals to clients interested in wealth accumulation. By enhancing product flexibility and improving customer engagement through digital platforms, India First can further optimize these offerings to meet the evolving needs of diverse client segments.

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**Develop a Customer Retention Program**

11. Create loyalty programs for long-term customers, offering benefits such as loyalty bonuses or premium discounts based on customer tenure or policy value. This would increase customer satisfaction and retention.
12. Implement a regular follow-up system to check in with policyholders, address any questions, and encourage policy renewals