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THE PERFORMANCE OF UNIT LINKED INSURANCE POLICES POST GST WITH REFERENCE TO LIC OF INDIA (BEFORE COVID-PANDEMIC.)

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ABSTRACTS

This study covers the performance of Unit Linked Insurance Policies post implementation of Goods and service tax in life insurance sector. The life insurance sector was suffers from ups and down in their growth performance due to the changes in indirect tax structure and levy of service tax from the year 2014 onward. It takes again serious effects due the change in policy and guidelines by tshe IRDA in life insurance sector. GST was also affected to this sector with the implementation of GST w.e.f. 1st July, 2017 in India as well as in life insurance sector. The present covers the ULIP performance with reference to the LIC of India and the researcher is tried to know that if any relation of implementation of GST on performance of Unit Linked Insurance Policies of LIC of India.



KEY WORDS : *Unit Linked Insurance Policies; Goods and Service tax, LIC.*

INTRODUCTION

Unit Linked Insurance Policies are the instruments of the life insurance sector which covers solution of policy holder like tax benefit, insurance cover and future saving purpose. It comprises the benefits of life insurance as well as benefits of stock market and mutual funds. The cash value or the fund value of ULIPs depends on its Net Assets Value on a particular date and allows to the policy holders as flexibility to switching of funds free of cost. The first ULIP was launched in India in 1971 by the Unit Trust of India (UTI) but ULIP became popular in India after the year 2000 when it was launched by the LIC of India. LIC of India make it very popular in India after the year 2005-06 by making effective marketing strategies but got negative approaches by policy holders when it started to mis-selling by the Agents and its was suffered from very serious problems due to ups and down in stock market. During the year 2017, Goods and Service tax was implanted on life insurance policies and it affected on premium amounts of the life insurance policies. During the year 2014; the Insurance and Regulatory Authority of India had made major changes in life insurance structure and reduced allocation charges of ULIPs and made ULIPs very flexible and friendly.

MEANING AND FEATURES OF ULIPS

Unit Linked Insurance Plan is the type of insurance policy having life insurance cover as well as investment instrument. Its cash value is measure on the basis of Net Assets Valuation. ULIPs are the combination of different funds which are relate to the capital market or stock market. The growth of

ULIP policies are depends on the growth of funds of ULIPs which is indirectly depends on growth of share market. ULIPs have a risks born by policy holders. The amount of premium collection of the ULIPs is invested in stock market after deducting specific charges from premium amount ivz.

- a. Premium allocation charges
- b. Fund management charges
- c. Mortality charges
- d. Surrender charges
- e. Fund switching charges
- f. Policy administration charges.

OBJECTIVE OF THE STUDY

The major objectives of the study are :

- * To Study the performance of Unit Linked Insurance Polices of LIC post GST implementation.
- * To study the impact of Goods and service tax on ULIP policies of LIC of India.
- * To indentify the growth of Unit Linked Insurance Policies after implementation of GST.

Research methodology of the study

Date Collection

The secondary data is considered to this research paper. Secondary data is taken from the Annual reports by LIC of India; annual reports published by IRDA of India and related information published in news papers and Journals.

Period of the study

Study Period is of four years from the year 2015-2016 to 2018-19 with reference to Before pandemic.

Significant of the study

The present study is useful to understand the perfect knowledge about the performance and growth of Unit Linked Insurance policies (ULIP) of Life Insurance Corporation of India.

The study covers that the impact of Goods and service tax on Unit Linked Insurance Policies of LIC of India.

Tools and Techniques of the Study

The researcher has been used statistical tools like Average; percentage; trend analysis; for data analysis as per need of the study. The data is taken from secondary source of the annual reports published by LIC of India and have been classified, tabulated and analyzed for the purpose of the study.

Performance of Unit Linked Insurance Policies

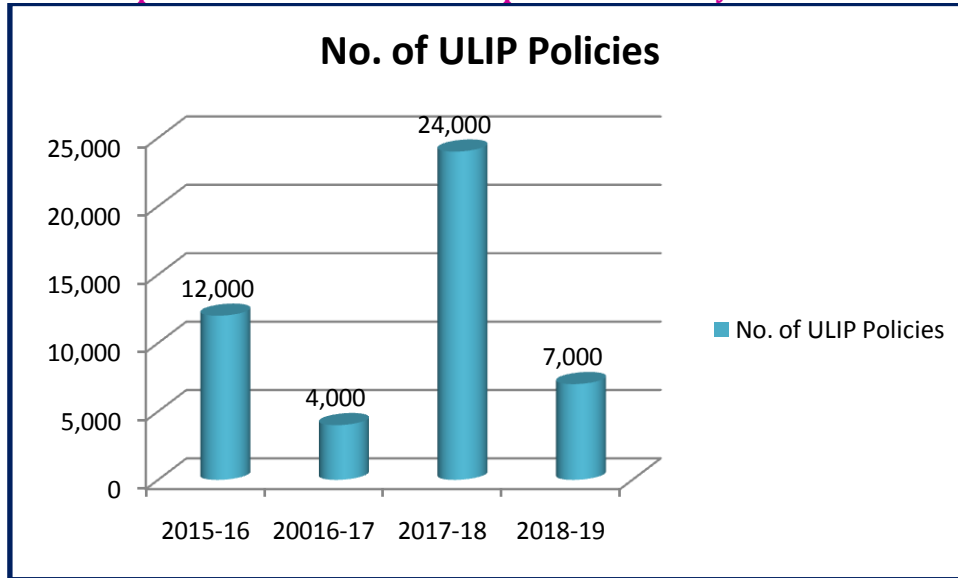
Table 1 : Number of ULIP polices issued by LIC of India

Sr.No.	Years	No. of ULIP Policies	Growth Index (%)	Net Growth (%)
1	2015-16	12,000	100	-
2	20016-17	4,000	33	-66.67
3	2017-18	24,000	200	100.00
4	2018-19	7,000	58	-42.67
	Average	11,750	97	-2.78
	Average Growth (%)	-2.08		

Source : Annual Reports of LIC

Table no 1 revealed that the number of new Unit Linked Insurance Policies issued by LIC of India during the year 2015-16 to the year 2018-19. It shows that the number of ULIPs sold by LIC during the year 2018-19 is 7,000 against 12,000 of the year 2015-16. It is declined by 42.67%. The average number of ULIPs issued by the LIC is 11,750 during the study period and it was declined by 2.08% against the number of policies of the year 2015-16. The sale of number of ULIPs during the year 2018-19 is 58% of the year 2015-16 which is negative as 42%.

Graph 1 : Number of New ULIP policies issued by LIC of India



Source : Table No 01

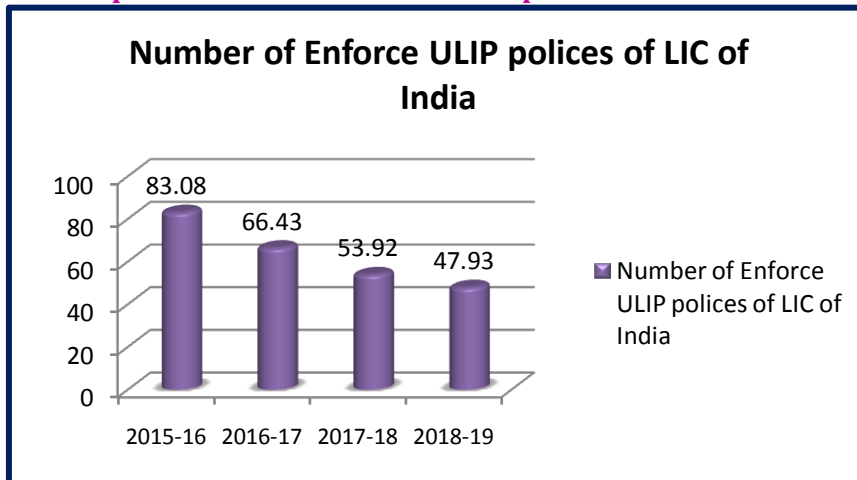
Table 2 : Number of Enforce ULIP polices of LIC of India

Sr. No.	Years	No of ULIPs (In Lakh)	Growth Index (%)	Net Growth (%)
1	2015-16	83.08	100	-
2	2016-17	66.43	79.96	-20.04
3	2017-18	53.92	64.90	-35.10
4	2018-19	47.93	57.69	-42.31
	Average	62.84	75.64	-32.48
Average Growth (%)		-24.36		

Source : Annual Reports of LIC

Table no 2 shows that the number of enforce ULIP policies of LIC of India at the end of each year from 2015-16 to 2018-19. It shows that the number of enforce ULIPs was an average 62.84 lakh at the end of the year 2018-19 against the year 2015-16 which is declined by 24.36% of the year 2015-16. The number of enforce ULIPs was 47.93 lakh during the year 2018-19 against the year 2015-16 and the growth rate this was declined by 42.31% during this year against the year of 2015-16.

Graph 2 : Number of Enforce ULIP polices of LIC of India



Source : Table no 02

Premium collection under ULIPs of LIC

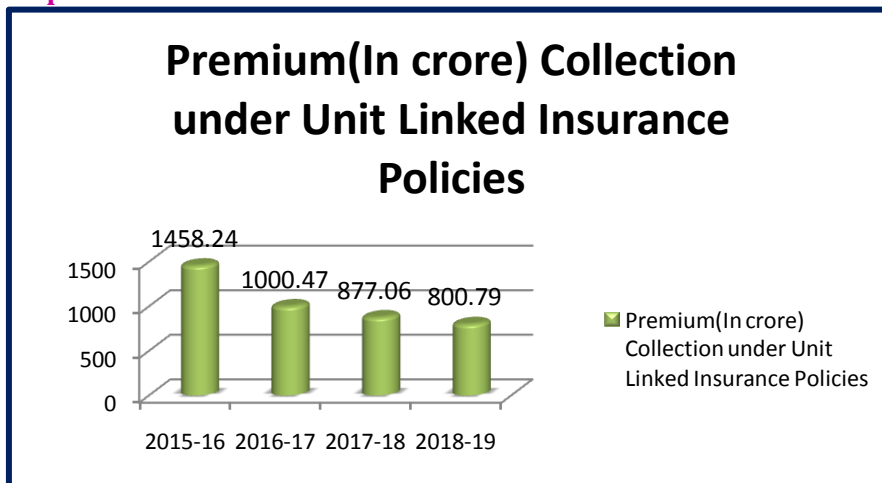
Life insurance premium is classified as Single premium and Renewal premium. The amount of first year premium is included of single premium amount earned by the LIC of India. Single premium earned or first year premium is the premium amount earned during the first year of the policy term and renewal premium is premium on renewal of policy from next year onwards.

Table 2 : Premium Collection under Unit Linked Insurance Policies

Sr.No.	Year	Premium (In crore)	Growth Index (%)	Net Growth (%)
1	2015-16	1458.24	100	-
2	2016-17	1000.47	68.61	-31.39
3	2017-18	877.06	60.15	-39.85
4	2018-19	800.79	54.91	-45.09
	Average	1034.14	70.92	-38.78
	Average Growth (%)	-29.08		

Source : Annual Reports of IRDA

Graph 3 : Premium Collection under Unit Linked Insurance Policies



Source : Table No. 03

Table no 03 shows that the premium collection by LIC of India under ULIP policies during the period from 2015-16 to 2018-19. The amount of premium collection is Rs. 800.79 crore during the year 2018-19 against 14.58.24 core of the year 2015-16 which declined by 45.09%. The average collection of premium amount was Rs. 1034.14 crore during study period which is recorded negative growth at 29.08 of the year 2015-16.

CONCLUSIONS

- It is seen during the study that the post Goods and services tax implementation; the performance of Unit linked insurance plans was declined regularly.
- The study found that the growth rate in issue of ULIPs was declined by 42.67% post Goods and Service tax implementation in life insurance sector.
- The number of enforce Unit linked insurance policies were declined by 42.31% post GST in LIC of India (table 2)
- The average growth in enforce ULIPs was negative by 24.36% during study period.
- It showed from the study that the amount of premium collection of ULIPs post GST implementation was reduced by 45.09% during study period. It was minus 31.39% before implementation of GST on life insurance premium.

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