

A STUDY ON CUSTOMER PERCEPTION OF UNIT LINKED INSURANCE PLAN AT ICICI BANK

Guduri Vaishnavi

II MBA Student, Malla Reddy Engineering College
(Autonomous), Hyderabad, Email:vaishnaviguduri007@gmail.com

Dr. K. Pushpa Latha

Associate Professor, Department of MBA,
Malla Reddy Engineering College(Autonomous),Hyderabad,
Email:pushpa.kamineni@gmail.com

Abstract

Unit Linked Insurance Plans (ULIPs) have emerged as one of the most dynamic financial instruments in India, combining the benefits of both investment and insurance under a single integrated plan. This study focuses on understanding the performance, customer perception, and marketing strategies of ULIPs offered by ICICI Bank through its insurance arm, ICICI Prudential Life Insurance. The research explores how ULIPs align with investors' long-term financial goals, their risk-return trade-offs, and the impact of market volatility on fund performance. Primary data was collected through structured questionnaires from 100 respondents, including both policyholders and potential investors. The study also incorporates secondary data from ICICI Bank's official reports and financial statements. The findings highlight that while ULIPs are gaining traction among young professionals for their dual benefits and tax advantages, there is still a lack of awareness and clarity about associated charges, fund options, and lock-in periods. This research provides insights into customer satisfaction levels, investment preferences, and the factors influencing purchase decisions. It also evaluates ICICI Bank's strategic approach in promoting ULIPs amidst competition and regulatory changes. The study concludes with actionable recommendations to enhance product transparency, customer education, and digital outreach for better penetration of ULIPs in the Indian market.

Keywords: Insurance plan, customer awareness, financial products,ULIPs .

INTRODUCTION

In today's dynamic financial environment, individuals increasingly seek investment avenues that offer both wealth creation and financial protection. Among various financial products, Unit Linked Insurance Plans (ULIPs) have gained prominence due to their unique dual benefit—combining life insurance coverage with market-linked investment options. ULIPs are designed to cater to the long-term financial goals of investors, such as wealth accumulation, retirement planning, and children's education, while simultaneously offering risk cover. They reflect the evolution of the Indian insurance sector from traditional protection-based products to innovative and hybrid financial solutions. ICICI Bank, through its joint venture ICICI Prudential Life Insurance, has positioned itself as one of the leading providers of ULIP products in India. The Company offers a wide range of ULIP plans catering to various investor profiles based on age, income, risk appetite, and investment horizon. ICICI ULIPs are structured to invest in equity, debt, or balanced funds, depending on the policyholder's preferences and market dynamics. These plans also offer flexibility in premium payments, fund switches, and partial withdrawals, making them attractive to modern investors.

REVIEW OF LITERATURE

1. **Sharma, R. (2020)** "ULIPs as a Hybrid Investment Tool" This study analyzed ULIPs as a combination of insurance and Investment. It found that most investors were attracted to ULIPs due to Tax benefits and flexibility but lacked clarity on charges and fund Performance. The paper recommended simplified disclosures and Customer education.
2. **Kumar, A. & Mehta, S. (2020)** "Investor Awareness on Unit Linked Insurance Plans in Urban India" The research showed that urban investors are moderately aware of ULIPs, but decision-making is influenced by financial advisors. Marketing efforts and transparency were identified as key drivers for increased ULIP adoption.
3. **Reddy, P. (2020)** "Risk and Return Trade-offs in ULIP Investment" The author evaluated fund performance in ULIPs and noted that while equity-oriented ULIPs delivered higher

returns, customers preferred balanced funds due to perceived lower risk. The study emphasized need-based investment planning.

4. **Patel, D. & Shah, M. (2020)**“Customer Satisfaction in Life Insurance with Focus on ULIPs”The research concluded that ULIPs underperform in customer satisfaction compared to traditional plans due to hidden costs. Product clarity and post-sale service were found to impact retention.
5. **Agarwal, S. (2020)**“A Comparative Analysis of Mutual Funds and ULIPs”This study compared mutual funds and ULIPs, revealing that although Mutual funds offer higher returns, ULIPs are preferred for their Insurance benefits and disciplined saving structure.
6. **Nair, A. (2021)**“Post-Lockdown Trends in Life Insurance Products: Focus on ULIPs”The paper how post-COVID investment patterns showed a renewed interest in ULIPs due to their market-linked growth potential and risk cover, especially among younger investors.

NEED AND IMPORTANCE

The financial landscape in India is witnessing a paradigm shift with an Increasing number of individuals opting for investment products that provide Dual benefits—wealth accumulation and life protection. Among such products, Unit Linked Insurance Plans (ULIPs) have emerged as a powerful tool for achieving long-term financial goals. However, despite their potential, ULIPs Continue to face challenges in terms of market understanding, product Complexity, and customer confidence. ICICI Bank, through ICICI Prudential Life Insurance, is one of the prominent Providers of ULIP products in the country. It is essential to understand how these products are perceived by customers, what motivates or discourages their adoption, and how effectively the bank’s strategies align with customer Expectations. The need for the study arises from the growing importance of financial literacy, transparent investment products, and risk mitigation options in an increasingly volatile market.

SCOPE OF THE STUDY

The scope of this study revolves around understanding the structure, customer perception, performance, and effectiveness of Unit Linked Insurance Plans (ULIPs) offered by ICICI Bank through its insurance division, ICICI Prudential Life Insurance. This research specifically aims to provide insights into how ULIPs function as a dual-benefit financial product, combining investment and life insurance, and how customers interact with and respond to such offerings in the Indian financial market.

OBJECTIVES OF THE STUDY

1. To analyze customer awareness and perception of Unit Linked Insurance Plans (ULIPs) offered by ICICI Bank.
2. To evaluate the performance and features of ULIP products in terms Of returns, charges, fund options, and flexibility.
3. To identify the key factors influencing customer decisions to invest in ULIPs, including risk appetite, financial goals, and tax benefits.
4. To examine the effectiveness of ICICI Bank's marketing and Promotional strategies for ULIP products.
5. To provide suggestions and recommendations for improving Customer satisfaction, transparency, and overall adoption of ULIPs.

DATA SOURCES AND METHODOLOGY

Sources of Data

●Primary Data:

Primary data was collected through structured questionnaires and personal interviews with 100 respondents, including existing customers of ICICI Bank who have invested in ULIPs, as well as prospective investors.

●Secondary Data:

Secondary data was obtained from:

- ICICI Prudential Life Insurance annual reports
- Brochures and product documents

- IRDAI (Insurance Regulatory and Development Authority of India) reports
- Industry publications, journals, and research papers
- Websites such as www.iciciprulife.com and www.icicibank.com

Sampling Technique

A non-probability convenience sampling method was used to select respondents based on accessibility and willingness to participate. While not Random, this approach allowed for efficient data collection within the project's Time constraints.

Sample Size

The study is based on data collected from 100 respondents, including both Policyholders and potential ULIP investors, across selected ICICI Bank Branches.

Tools and Techniques for Analysis

The data collected was analyzed using:

- Percentage analysis to understand trends in customer awareness, Satisfaction, and preferences
- Charts and tables for graphical representation of the responses
- Interpretation based on responses to each question to identify key

Insights Statistical tools like frequency distribution and cross-tabulation were used to Analyze relationships between different variables such as age, income, and Investment preference.

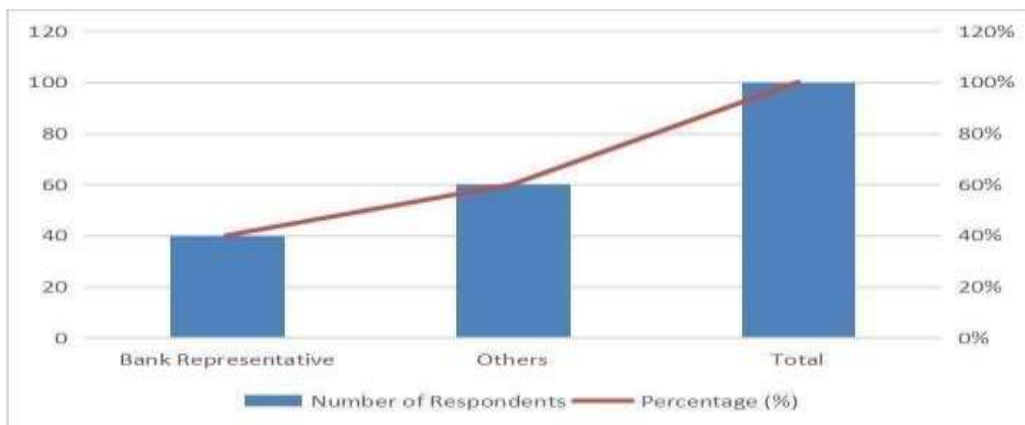
LIMITATIONS OF THE STUDY

- 1.The study was conducted with a sample size of 100 respondents, which may not be fully representative of the entire customer base of ICICI Bank across India.
- 2.The research was restricted to specific branches or urban areas, limiting insights from rural or semi-urban customers who may have different preferences or awareness levels.
- 3.The study was conducted over a short duration of 45 days, which may not capture long-term trends or seasonal variations in investment behavior.

DATA ANALYSIS & INTERPRETATION

Question 1: Source of Knowledge about ULIPs (Bank Representative)

Response	Number of Respondents	Percentage (%)
Bank Representative	40	40%
Others	60	60%
Total	100	100%



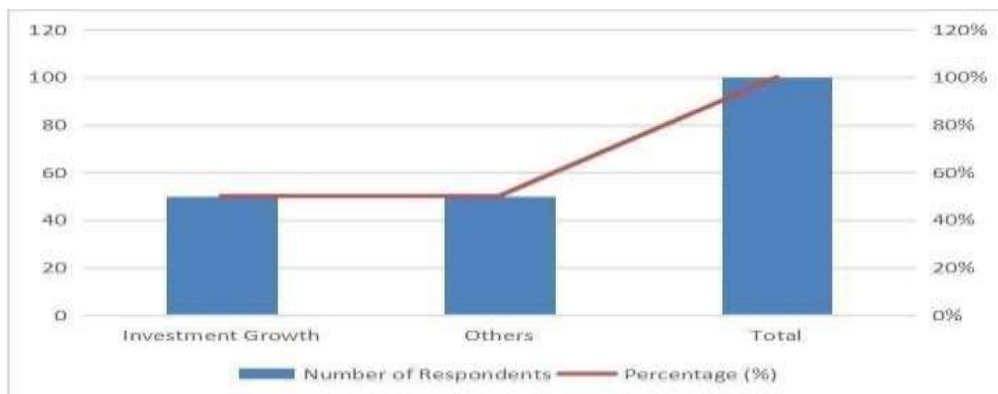
Interpretation:

40% of respondents learned about ULIPs from bank representatives. 60% gained knowledge through other sources, showing diverse information channels. This suggests banks play a key role, but alternative sources are more influential overall.

Question 2: Primary Reason for Purchasing ULIPs (Investment Growth)

Response	Number of Respondents	Percentage (%)

Investment Growth	50	50%
Others	50	50%
Total	100	100%



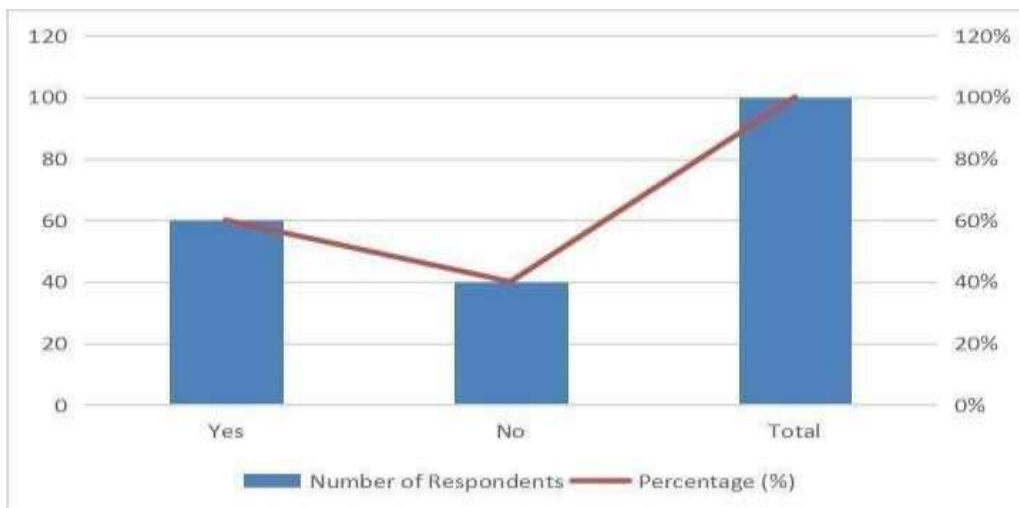
Interpretation:

50% of respondents purchased ULIPs primarily for investment growth. The other 50% had different reasons, showing varied motivations. This indicates a balanced perception of ULIPs as both investment and insurance tools.

Question 3: Did You Compare ULIPs with Other Options?

Response	Number of Respondents	Percentage (%)

Yes	60	60%
No	40	40%
Total	100	100%

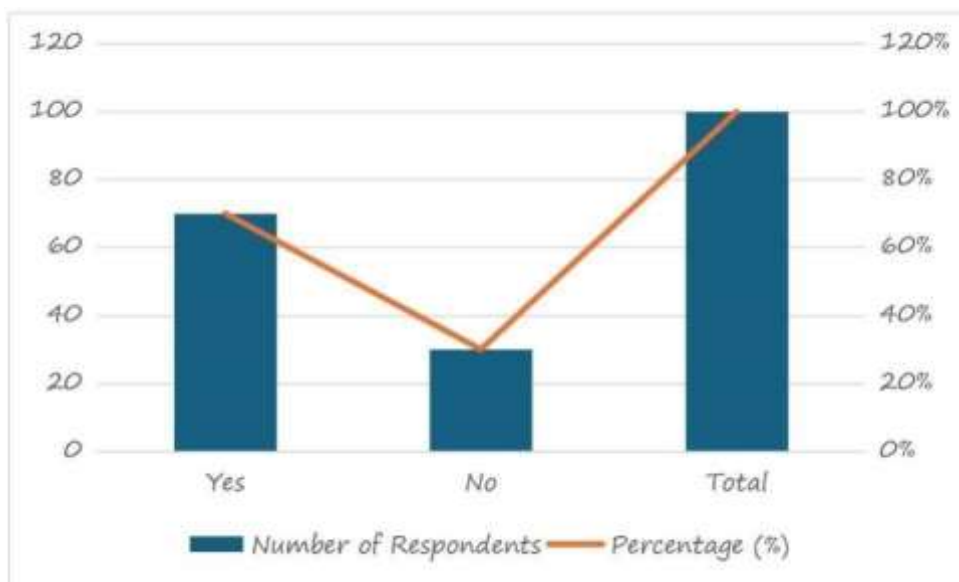


Interpretation:

60% of respondents compared ULIPs with other investment options. 40% did not, indicating many may have made decisions without full evaluation. This shows a moderate level of financial awareness among respondents.

Question 4: Awareness of 5-Year Lock-in Period

Response	Number of Respondents	Percentage (%)
Yes	70	70%
No	30	30%
Total	100	100%

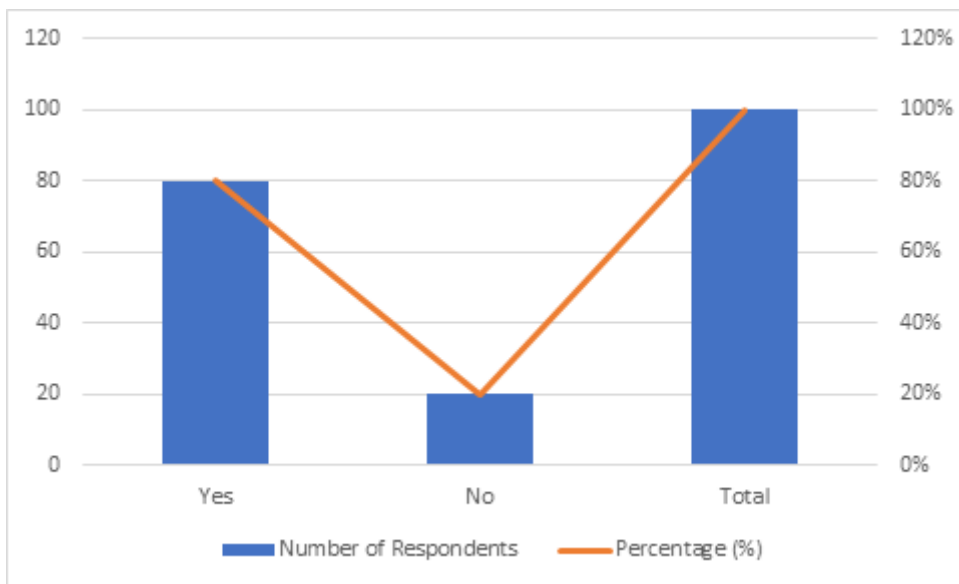


Interpretation:

A majority (70%) of respondents are aware of the 5-year lock-in period. However, 30% lack awareness, which may affect informed decision-making. This highlights the importance of improving public education on the policy.

Question 5: Awareness of Tax Benefits

Response	Number of Respondents	Percentage (%)
Yes	80	80%
No	20	20%
Total	100	100%



Interpretation:

80% of respondents answered "Yes," showing strong agreement or support. Only 20% responded "No," indicating minimal disagreement. Overall, the majority clearly favors the surveyed option.

FINDINGS

1. **Bank Representatives are Key Information Sources:**

40% learned about ULIPs through bank representatives, emphasizing the importance of direct bancassurance channels for product promotion.

2. **Investment Growth is the Main Purchase Motivation:**

50% of customers invest in ULIPs primarily for investment growth rather than just insurance.

3. **Majority Make Informed Decisions:**

60% of respondents compared ULIPs with other financial options before buying, indicating that most customers seek information and weigh alternatives.

4. **Good Awareness of Lock-in Period:**

70% are aware of the mandatory 5-year lock-in period, but 30% remain unaware, which could lead to dissatisfaction.

5. **High Awareness of Tax Benefits:**

80% understand the tax advantages of ULIPs, demonstrating effective awareness campaigns.

SUGGESTIONS

1. **Enhance Customer Education and Awareness:**

Despite reasonable awareness, 30% of respondents are unaware of the 5-year lock-in period and 35% find charges unclear or high. ICICI Bank should strengthen customer education through clear, simple communication about ULIP features, costs, and restrictions before purchase to manage expectations effectively.

2. **Improve Fund Options and Portfolio Management Support:**

Since 40% of respondents are neutral or dissatisfied with fund options and 70% rarely review or switch funds, ICICI Bank should introduce a wider variety of fund choices and provide easy-to-use tools and advisory services to encourage active fund management and better returns.

3. **Simplify Processes for Fund Switching and Withdrawals:**

Although 80% reported no issues, the 20% who faced difficulties highlight a need to simplify and clarify the procedures for fund switching and withdrawals. Enhanced customer support and digital process improvements can reduce friction.

4. Increase Digital Engagement and Online Tools:

With only 55% actively using online tools to track their ULIPs, the bank should promote and upgrade digital platforms for investment monitoring, real-time updates, and personalized alerts to increase customer involvement and satisfaction.

5. Focus on Improving Investment Returns and Transparency:

Since only 45% are satisfied with returns, the bank should regularly review fund performance and ensure transparent reporting. Offering customized investment advice and benchmarking against market indices can help customers make better-informed decisions and increase confidence in ULIPs.

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CONCLUSION

The study on Unit Linked Insurance Plans at ICICI Bank reveals that ULIPs have become an attractive investment and insurance option, especially among young professionals and salaried employees seeking long-term wealth creation combined with insurance benefits. The findings

highlight that ICICI Bank's bancassurance channel effectively promotes ULIPs, with many customers relying on bank representatives for information and support.

While the majority of respondents are satisfied with the purchase process, fund options, and customer service, the study also points out areas that require attention. There is a clear need for enhanced customer education about ULIP features such as charges, lock-in periods, and fund management to ensure customers make fully informed decisions. Furthermore, despite the availability of multiple fund options, many investors do not actively manage their portfolios, which may affect their investment outcomes.

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