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Risk-Adjusted return of Unit Linked Insurance Plans

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## Abstract

Over the past years Unit Linked Insurance Plans (ULIP) have emerged as a major player in savings mobilization. Investors have showed keen interest by subscribing to ULIP schemes anticipating higher returns. The companies also started floating policies with multiple objectives like Children Education, Wealth Creation etc. However underlying all these policies lay the same fund option. Hence, while doing comparative analysis it is the fund performance that matters, rather than the policy purchased by the Investor. The objective of this paper is to measure the risk adjusted return by adopting Sharpe and Treynor performance measures for equity, balanced and debt based funds for ULIP of top five life insurance companies in India. It was found that equity funds of SBI Life, balanced funds of Bajaj Life and debt fund of ICICI Prudential are giving better returns. Hence, while doing comparative analysis it is the fund performance that matters, rather than the policy purchased by the investor. The objective of this paper is to measure the risk adjusted return by adopting sharpe and Treynor performance measures for equity, balanced and debt based funds for ULIP of top five life insurance companies in India. It was found that equity funds of SBI life, balanced funds of Bajaj Life and debt fund of ICICI prudential are giving better returns.

<b>Keywords</b>
Insurance, Risk-Return Analysis, Sharpe, Treynor, ULIP.