

Unit Linked Insurance Plan - ULIP

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A unit-linked insurance plan (**ULIP**) is a type of life insurance where the cash value of the policy varies according to the current market asset value of the underlying investment assets.

It allows protection and flexibility in investment, which are not present in other types of life insurance such as whole life policies. The premium paid is used to purchase units in investment assets chosen by the policyholder.

ULIP came into play in the 1960s and became popular in many countries in the world.

As times progressed the plan was also successfully mapped along with life insurance needs to retirement planning. In today's times, **ULIP** provides solutions for insurance planning, financial needs, and many types of financial planning including children's marriage planning.

In India investments in **ULIP** are covered under **Section 80C of IT Act**. However, the concept of having an investment and insurance by the same instrument was challenged by the market regulator SEBI which took up the matter to the Supreme Court of India. The Indian government brought down curtains on the two-month long tussle between the regulators by ruling that **Unit-linked Insurance Products (ULIP)** will be governed by the **Insurance Regulatory and Development Authority (IRDA)**.