

ULIP Premium Calculation and costs

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ULIP or **Unit linked insurance plans**

offer **life insurance** solutions with the risk protection in form of insurance cover and investment and flexibility in terms of units. Units contain the pure investment part of the insurance which is based on value of underlying assets as mentioned in ULIP plan. Add tax benefits and it becomes easy to understand their popularity in India.

Many insurance companies offer **ULIPs** and each company offers many different schemes. It has become increasingly complicated and we at **eMediclaim** aim to help you navigate through the various options, evaluate and compare different **ULIPs** and buy the best suited one.

You can choose a **ULIP** according to how fund money is invested. **ULIPs** are available in form of diversified equity funds, balanced funds, debt funds etc.

Just like **Life Insurance Premium**, **ULIP Premium** is the amount you pay to the company towards the policy you have purchased.

In a ULIP, the **full amount of premium paid is not allocated to purchase units**. Insurers allot units on the **portion of the premium** remaining after providing for various charges, fees and deductions. However the quantum of premium used to purchase units varies from product to product.

The total monetary value of the units allocated is invariably less than the amount of premium paid because the charges are first deducted from the premium collected and the remaining amount is used for allocating units.

On each business day and for each investment fund, the insurance company determines the unit price by dividing the net asset value (NAV) of the investment fund at the valuation time by the number of units in existence for the investment fund in question. The NAV is determined

based on whether they are purchasing (appropriation price) or selling (expropriation price) assets in order to meet the daily transactions of unit allocation or redemption associated with the investment fund.

ULIPs offer flexibility since premiums can be either one time lump sum or periodic like annual, biannual, monthly etc. If you have surplus funds you can increase the premium amount you pay and vice versa.

In a ULIP plan one should look at the total life insurance cover provided, the premium for risk cover and all other charges applicable. The balance amount after deducting the premiums and charges is the amount invested in the fund. It is important to remember that investment risk remains with the policyholder.

ULIPs are the easiest way a consumer to enter the stock market but with an added advantage of life cover. ULIPs are a form of life insurance investment and are customizable to the requirements of each and every policyholder. ULIPs offer flexibility to all their investors in the form of Investment Funds, Additional Riders, surrender Options & Switching.

Today on an approximation basis there are atleast over 200 ULIPs available in the insurance market. Choosing the one most relevant and the best thus becomes a huge burden for a customer. Our expert team can guide you on various investment options using ULIPS and utilize their expertise to enable you to choose the best ULIP in a very easy way.

On reviewing a plan based on the premium amount for ULIP, we need to understand that a plan with the least premium may not be the best ULIP hence it is imperative that you do a thorough research before buying a Unit Linked Insurance Plan and chooses the best investment plan for yourself. Should you need any assistance - count on us to help you make a wise choice towards financial safety and life insurance security.