

A Comparative Analysis of Selected Insurance Plans of SBI and Aditya Birla Sunlife Insurance Companies

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Abstract

The design report on the relative study between two plans of two different companies furnishing analogous benefits to the policyholder and the two plans are as follows: (1) Assured Income Plus of ABSLI and (2) Smart Platina Plus of SBI. This study helps gain knowledge of the benefits handed out by plans and their comparison as to which plan gives the maximum returns in different scenarios. Assured Income Plus provides an investor with an income benefit, defined as a fixed chance of annualized decoration as per the frequency of pay-eschewal chosen by the investor. It safeguards a family's fiscal future throughout their lives. In this design report, I have compared the benefits of two analogous plans of two different companies, Assured Income Plus of ABSLI and Smart Platina Plus of SBI, with the help of secondary data, taking two variables, age and decoration quantum, and chancing the result by doing data analysis and interpretation with the help of tables and graphs.

Keywords: Premium, age, benefits, returns, insurance

INTRODUCTION

A contract between the insurer and the insured is known as insurance, sometimes referred to as insurance content or insurance policy. The insurer offers financial coverage for the losses that the insured may incur in specific situations [1].

Insurance content refers to a contract that assumes the form of a financial protection policy. The financial dangers of an existing due to mutable contingencies are covered by this coverage. The policyholder is the insured, while the insurance-providing business, the insurance carrier, and the coach are the insurers. The insurers give fiscal content or payment in numerous cases to the policyholder [2].

The policyholder pays the insurance company an amount known as the “ultra expensive” against which the ultimate gives insurance coverage. The insurer guarantees that it will cover the policyholder’s losses, provided that certain conditions are met. The quantity of premium payments determines the “policy limit,” or the assured sum for insurance content [3].

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A system of insurance can protect you and your loved ones from experiencing a financial emergency [4]. You obtain insurance coverage for the same under a policy from an insurance company that takes the risk and offers insurance protection up to a certain degree of decoration. In the event of any unanticipated circumstances, the assured or designated party may submit a claim to the insurer [5]. According to the claim evaluation guidelines, the insurer reviews the claim process and resolves

the claim. An insurer, insurance business, insurance carrier, or coach is a reality that offers insurance [6]. The term “policyholder” refers to the entity or reality that purchases insurance, whereas the term “insured” refers to the entity or reality that is protected by the policy. In exchange for the insurer’s promise to pay the amount in the case of a covered loss, the policyholder accepts a guaranteed, known, and relatively minor loss in the form of a payment to the insurer (a decoration) [7]. The loss may or may not be reducible to financial terms, but it must be a loss nonetheless. Similarly, it typically pertains to goods in which the insured has an insurable interest created by authority, possession, or prior relationships [8].

Objective of the Research

- To compare the benefits of two analogous plans—Assured Income Plus Plan of Aditya Birla Sun Life Insurance and Smart Platina plus Plan of SBI at Aditya Birla Capital.
- To find out the stylish plan under different benefit heads similar as advanced sum assured, guaranteed benefits, and lump sum quantum.
- To suggest the stylish plan to the investor as per their investment capacity and age criteria.

Research Methodology

Scope of the Study

To dissect the stylish benefits of guaranteed plans of Aditya Birla Sun Life Insurance and State Bank of India and also to explore the better plan to invest as per investor’s age and investment quantum.

Research Design

An exploration design is defined as the specific styles and procedures for acquiring the information demanded. It is a factory or organizing frame for doing the study and collecting the data. Designing an exploration plan requires opinions all the data sources, exploration approaches, exploration instruments, slice plan, and contact styles.

Then, I did the descriptive exploration.

Descriptive exploration in discrepancy to exploratory exploration is marked by the previous expression of specific exploration questions. The investigator formerly knows a substantial quantum about the exploration problem.

Research Sample

Following are the exploration sample used in the study:

1. Insurance company Aditya Birla Sun Life’s Assured Income Plus Plan
2. Smart Platina plus Plan of SBI

Sources of Data Collection

I have collected the data from sources like colorful sanctioned websites deal chum operation of ABSLI, policybazaar.com, and folder of Aditya Birla.

Research Tool

Then, I have used the colorful tables and graphs for comparison as the exploration tool.

Limitation of the Study

1. The study’s debit can be considered a restriction of the secondary data employed in the study.
2. Inadequate sample size for statistical measures.
3. Lack of former exploration studies on the content.
4. Limited access of data.

Insurance Plans of ABSLI

For comparison of the study, I have selected two companies having plans which provides similar benefits and these two plans are mentioned below (Figures 1 and 2):

1. From Aditya Birla Sun Life Insurance Company and Assured Income Plus (AIP).
2. Smart Platina Plus of SBI

Following are the description and key features or these two plans:

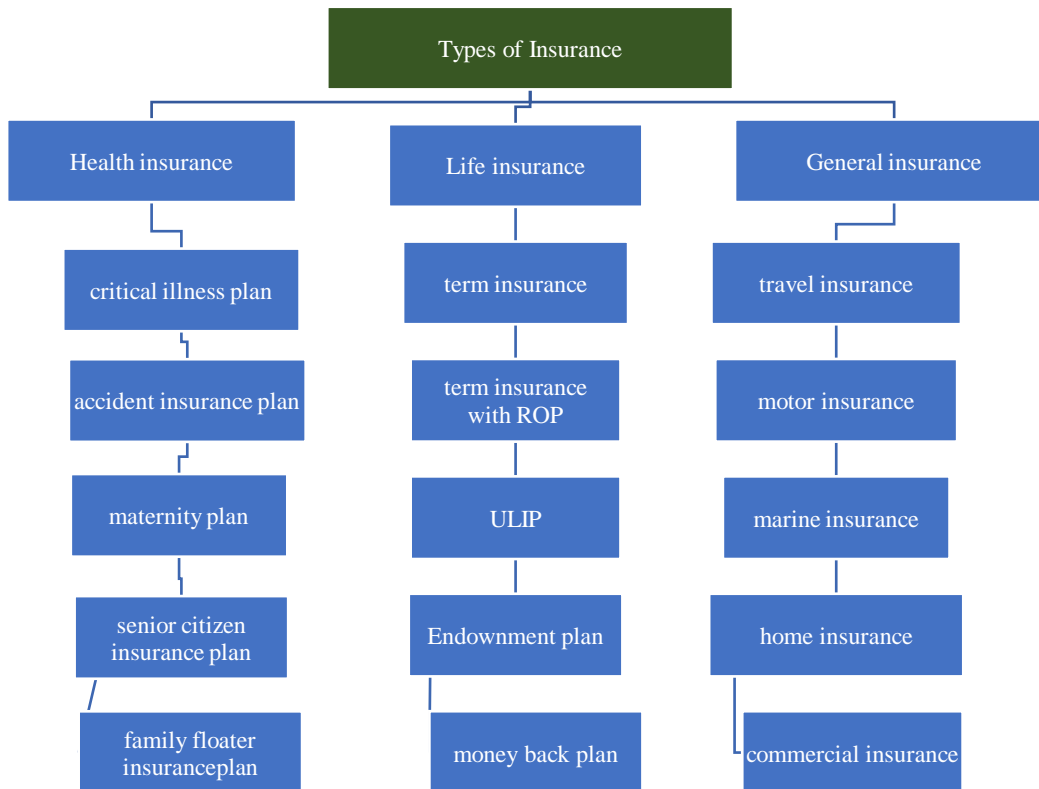


Figure 1. Types of insurance.

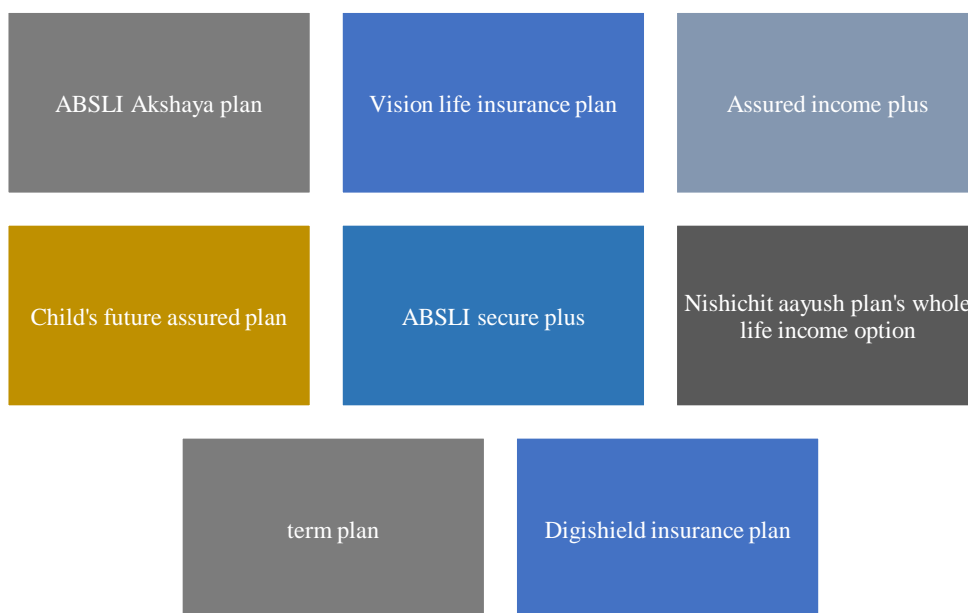


Figure 2. Insurance plans.

ASSURED INCOME PLUS OF ABSLI

This product provides you with an income benefit, defined as a fixed percentage of annualized premium as per the frequency of pay-out chosen by you . . . Your entrance age, premium payment amount, premium payment term, and benefit pay out period all affect how much of a benefit you receive.

Table 1. Features of the ABSLI Assured Income Plus.

Policy term	<ul style="list-style-type: none"> • 9 Years • 7 Years • 13 Years
Premium payment term (PPT)	<ul style="list-style-type: none"> • 6 Years if the policy term is 7 years • 8 Years if the policy term is 9 years • 12 Years if the policy term is 13 years
Benefit payout period	<ul style="list-style-type: none"> • 20, 25 or 30 Years if the PPT is 6 years • 20, 25 or 30 Years if the PPT is 8 years • 20 or 25 Years if the PPT is 12 years
Minimum entry age (age as on last birthday)	<ul style="list-style-type: none"> • 11 Years if the policy term is 7 years • 9 Years if the policy term is 9 years • 5 Years if the policy term is 13 years
Maximum entry age (age as on last birthday)	60 Years
Minimum maturity age (age as on last birthday)	18 Years
Maximum maturity age (age as on last birthday)	73 Years
Premium payout modes	<ul style="list-style-type: none"> • Annual • Semi-annual • Monthly • Quarterly
Benefit pay out frequency	<ul style="list-style-type: none"> • Annual • Semi-annual • Monthly • Quarterly

Get long-term earnings on just one investment with a guarantee. Aditya Birla Sun Life Insurance Assured Income Plus provides the advantages of life insurance coverage for the duration of the Policy Term and guaranteed income for 20, 25, or 30 years to make sure that your family's long-term objectives and aspirations are satisfied (Tables 1–3).

Table 2. Following are the various combinations of premium payment term, policy term, and payout period.

Premium payment term	Payout period	Policy term (premium payment Term + 1+ payout period)
7 Years	15/20/25/30 Years	23/28/33/38 Years
8 Years	15/20/25/30 Years	24/29/34/39 Years
10 Years	15/20/25 Years	26/31/36 Years

The Key Features of the ABSLI Assured Income Plus

The Assured Income plus Plan comes with the following key features.

The alternatives of “Income Only Benefit” and “Income Benefit with Return of Premium (ROP)” are flexible; the term of the premium payment is constrained; and

- Regular income that is guaranteed 1 for 20, 25, or 30 years, depending on the term of the premium payment;
- Loyalty enhancements to boost your rewards

- The option to use add-on riders to improve your coverage at a fair price (Scenario 1–4).

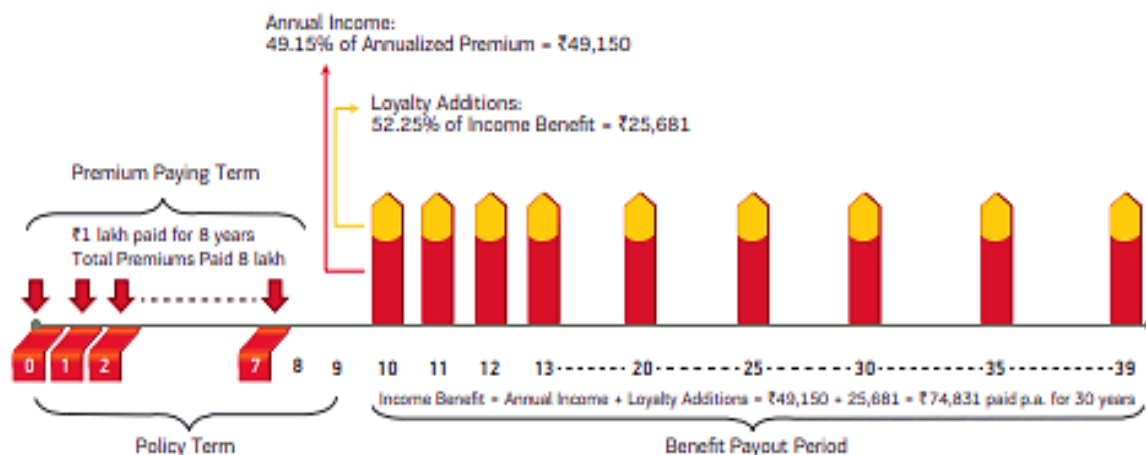
The eligibility requirements and product specifications for the ABSLI Assured Income Plus are straightforward. Here is a more detailed look at the policy.

Case Study for Income Only Benefit Option

Mr. Sharma, a 35-year-old investor, puts \$1,000,000 into ABSLI Assured Income Plus each year. He chooses an 8-year premium payment term, a 9-year policy term, and a 30-year benefit payout period. He decides to get his income benefit on a yearly basis and selects the “Income only Benefit” option.

Table 3. Comparison between two guaranteed insurance plans when a person paying premium of Rs.50,000 for 6 years and payout term is 20 years at different time period and taking the following benefits:

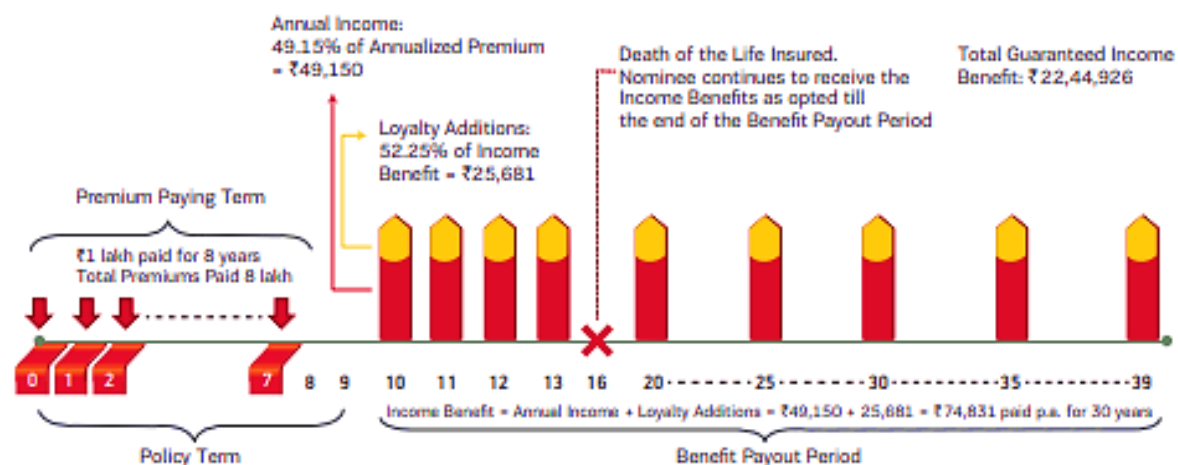
Age in years/Insurance plans	Sum assured	
	Plan 1	Plan 2
	Assured Income Plus	Smart Platina Plus of SBI
25	675000	550000
30	650000	550000
35	625000	550000
40	600000	550000
45	575000	550000



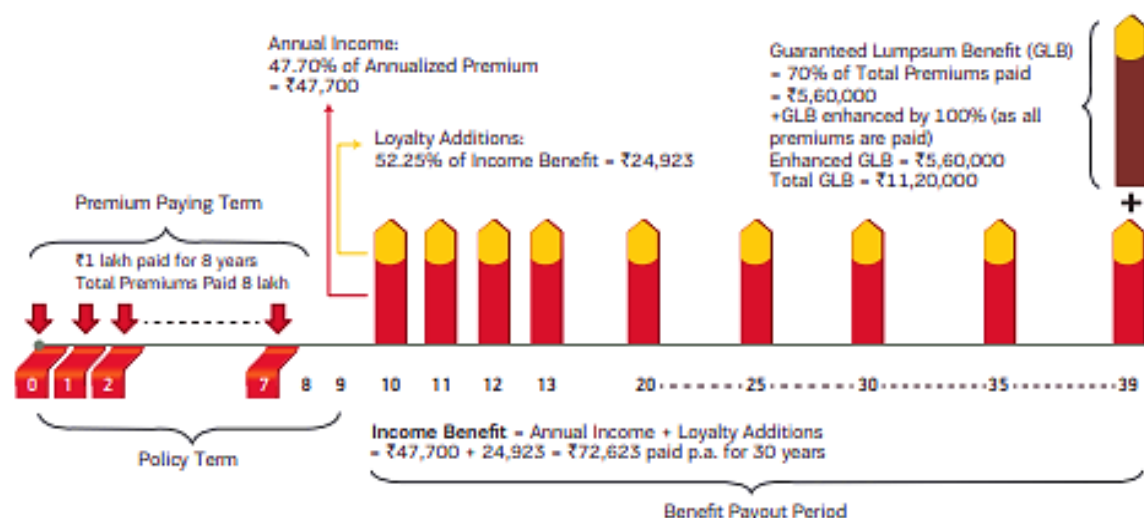
Scenario 1. Throughout the Benefit Payout Period and as long as Mr. Sharma is alive during the Policy Term, he will be paid Income Benefits.



Scenario 2. If Mr. Sharma passes away during the Premium Payment Term in the seventh year of the insurance, his nominee will be paid the Death Benefit.



Scenario 3: If Mr. Sharma passes away in the 16th year of the Benefit Payout Period, his nominee will still be able to collect the Income Benefits that were chosen until the conclusion of the Benefit Payout Period.



Scenario 4. When the benefit payout period is through, Mr. Sharma will get Guaranteed Lump Sum Benefits in addition to Income Benefits if he lives out the insurance term.

Case Study for “Income with Lump Sum Benefit” Option:

Mr. Sharma, a 35-year-old investor, puts \$1,000,000 into ABSLI Assured Income Plus each year. He chooses the Income with Lump Sum Benefit Option, choosing an 8-year payment term, a 9-year policy term, and a 30-year benefit payout period. He chooses to receive the Income Benefits annually.

SBI-SMART PLATINA PLUS

SBI Life-Smart Platina Plus provides guaranteed income during the Payout period.

Following the termination of the premium payment period plus one additional year as a survival benefit, you will get the Guaranteed Income for the Payout Period that you selected. At the conclusion of each income frequency that you select during the payment term, this survivor benefit is paid. At the conclusion of the policy term, the maturity benefit, which is equivalent to 100% of the total premiums paid, would be refunded [9].

This product offers two income plan options:

1. Life Income
2. Guaranteed Income

Once a certain option for an income plan has been chosen, it cannot be changed. Depending on your needs, you can choose to get your money in monthly, quarterly, half-yearly, or annual payout instalments. The frequency of the revenue payout can be decided upon at the beginning and altered later. Within 9 months after the day the Premium Payment Term expires, you may write to us to adjust the income payout frequency that you chose at the time of inception. This option to alter the frequency of income payouts will only be accessible once, that is, within nine months of the date on which the Premium Payment Term expires [10].

Data Analysis and Interpretation

Interpretation

From the above table and graph, we have interpreted that the amount of sum assured received in Assured Income Plus of ABSLI are fluctuating whereas sum assured in Smart Platina Plus of SBI are constant in all age groups (Figure 3). From above table, we have observed that sum assured received in Assured Income Plus are higher as compared with Smart Platina Plus. As from the above analysis, we have interpreted that amount of sum assured received in Assured Income Plus is higher at the age of 25 years and is decreasing by Rs.25,000 in every age interval of 5 years. Sum assured received in Assured Income Plus is high in every age group as compared with Smart Platina Plus whether it is at age of 25 years or 45 years.

From above table or graph, we have interpreted that the total returns received in Assured Income plus of ABSLI is constant in all age intervals, whereas in Smart Platina Plus of SBI total returns is fluctuating (Figure 4). As interpreted from above graph that the total returns received in assured income plus is higher as compared with Smart Platina Plus. Total returns received in Smart Platina Plus decreases as age of a person increases. As observed from above table, at the age of 25 years, lump sum amount received from assured income plus is 12.5% higher as of Smart Platina Plus. At the age of 35 years, lump sum amount received from assured income plus is 14.6% higher from Smart Platina Plus. Similarly, at the age of 45 years, lump sum amount from AIP is 19.6% higher from Smart Platina Plus (Table 4).

Guaranteed amount received by AIP is less than amount received by Smart Platina Plus (Figure 5). AIP gives the constant guaranteed income every year, whereas smart platina provides fluctuating guaranteed income. As it is clearly seen in above table, Smart Platina Plus provides higher guaranteed income every year at all age intervals as compared with assured income plus (Table 5).

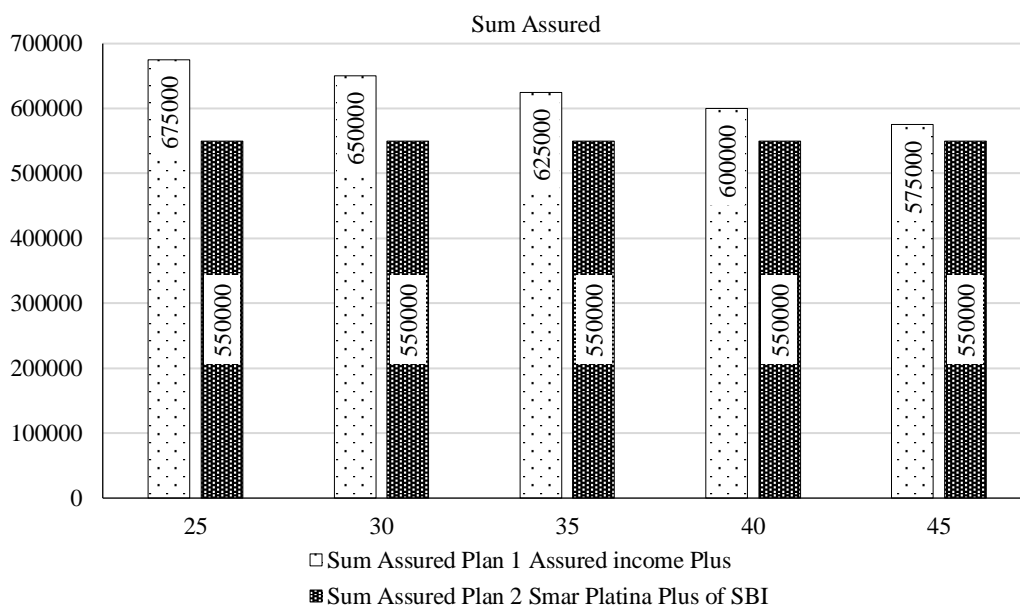


Figure 3. Amount of sum assured received in both insurance plans:

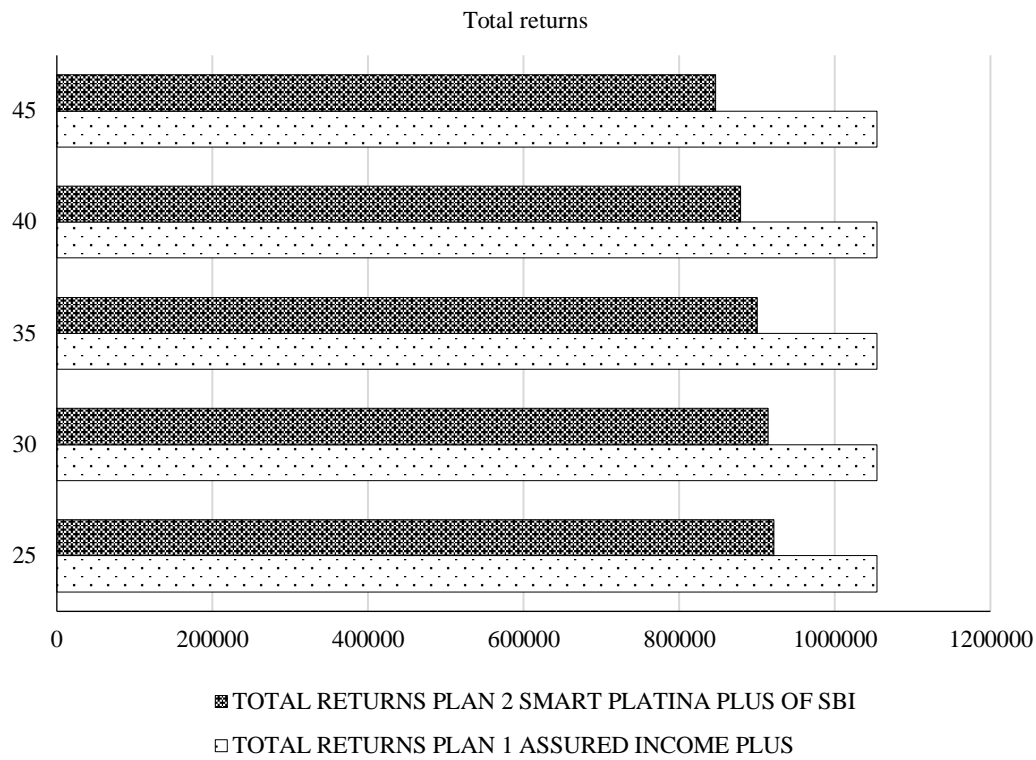


Figure 4. Total returns.

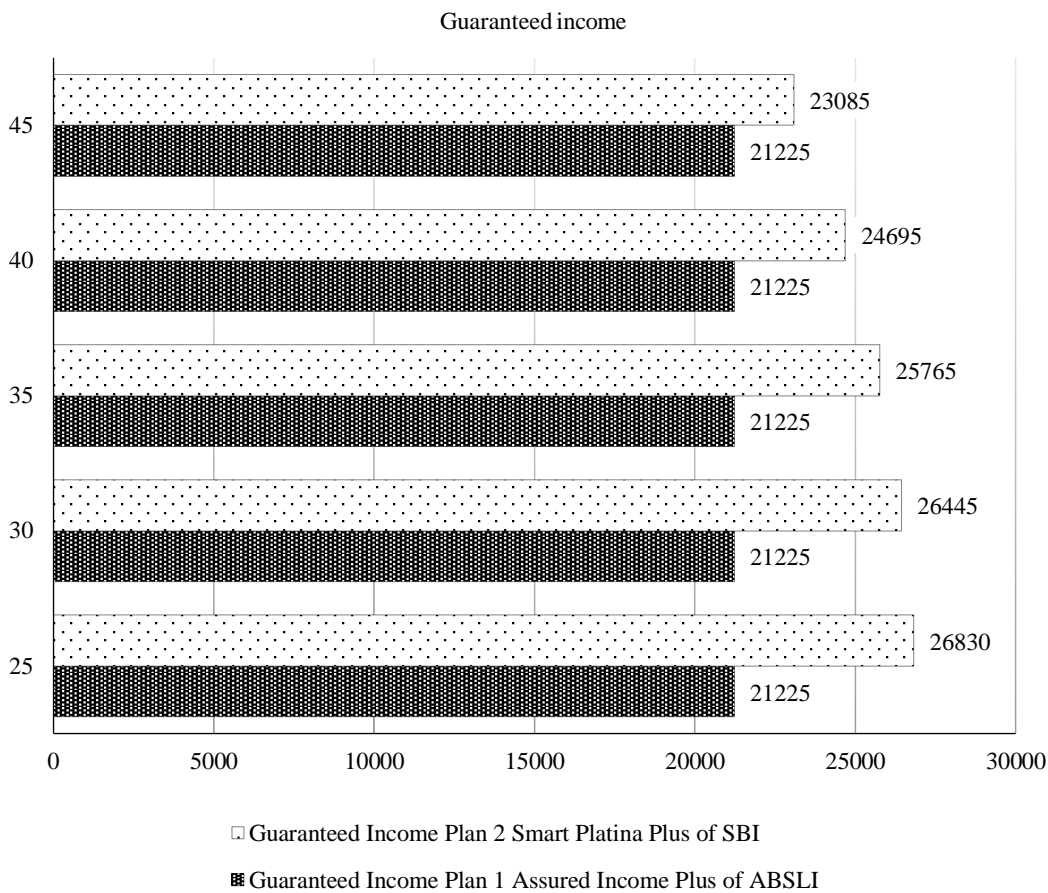


Figure 5. From above table and graph following interpretation has been done.

Table 4. Total returns or maturity amount or lump sum amount received by person in different age groups from two similar plans of different companies.

Total returns		
Age in years/Insurance plans	Plan 1	Plan 2
	<i>Assured Income Plus</i>	<i>Smart Platina Plus of SBI</i>
25	1054000	922000
30	1054000	914000
35	1054000	900000
40	1054000	879000
45	1054000	847000

Table 5. The following table shows the guaranteed amount received by two different insurance plans:

Age in years/insurance plans	Guaranteed income	
	Plan 1	Plan 2
	<i>Assured Income Plus of ABSLI</i>	<i>Smart Platina Plus of SBI</i>
25	21225	26830
30	21225	26445
35	21225	25765
40	21225	24695
45	21225	23085

Comparison between two guaranteed insurance plans when a person paying premium of Rs.100000 for 10 years and payout term is 20 years at different time period and taking the following benefits:

It is interpreted from the above table and graph that the sum assured received from the Assured Income plus of ABSLI is changes after certain changes in age, whereas the sum assured amount received in Smart Platina Plus of SBI remains constant in all the stages of life (Figure 6).

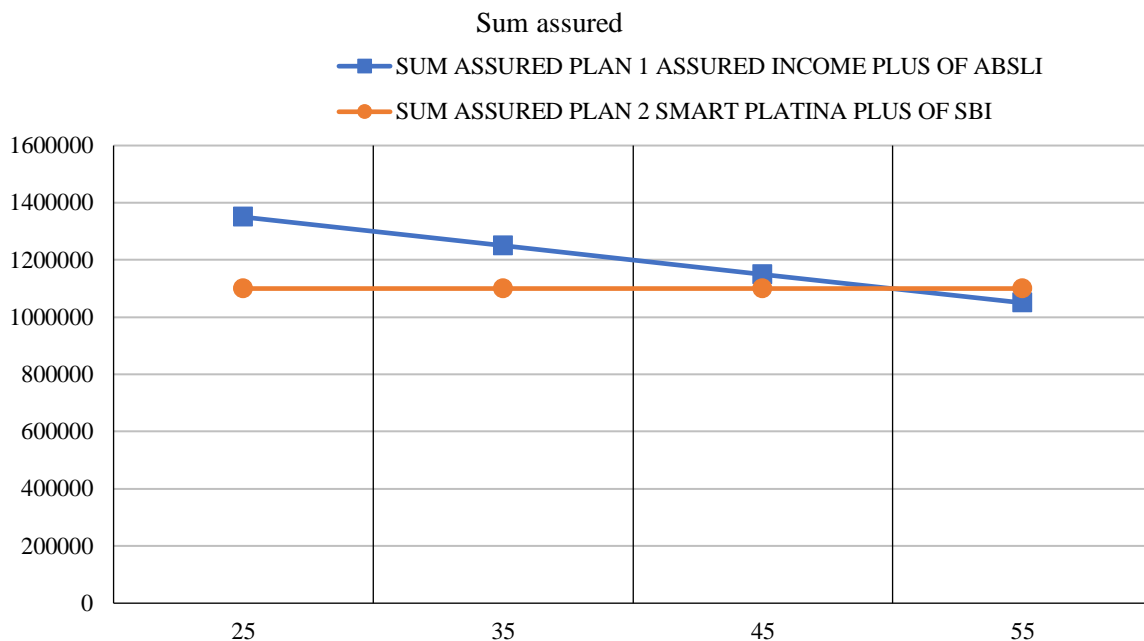


Figure 6. Sum assured.

From the above table, it is observed that sum assured received in AIP is greater in earlier stages of life and as the age increases sum assured amount goes down.

As interpreted from above amount of sum assured in AIP is higher as compared with Smart Platina Plus but till the age of 45 years but after that at the age of 55 years the sum assured amount is greater in Smart Platina Plus (Table 6).

Table 6. Following table shows the comparison of amount of sum assured received by the policy holder between two guaranteed income insurance plans.

Age in years/insurance plans	Sum assured	
	Plan 1	Plan 2
	<i>Assured Income Plus of ABSLI</i>	<i>Smart Platina Plus of SBI</i>
25	1350000	1100000
35	1250000	1100000
45	1150000	1100000
55	1050000	1100000

Total returns or maturity amount from assured income plus is less than maturity amount received from Smart Platina Plus (Figure 7). As interpreted from above that the lump sum amount or total returns received from both the plans is higher in early ages but goes down as the age increases. From the above table and graph, it is clearly interpreted that total returns given by Smart Platina Plus at the age of 25 years is 6.8% higher as compared with assured income plus.

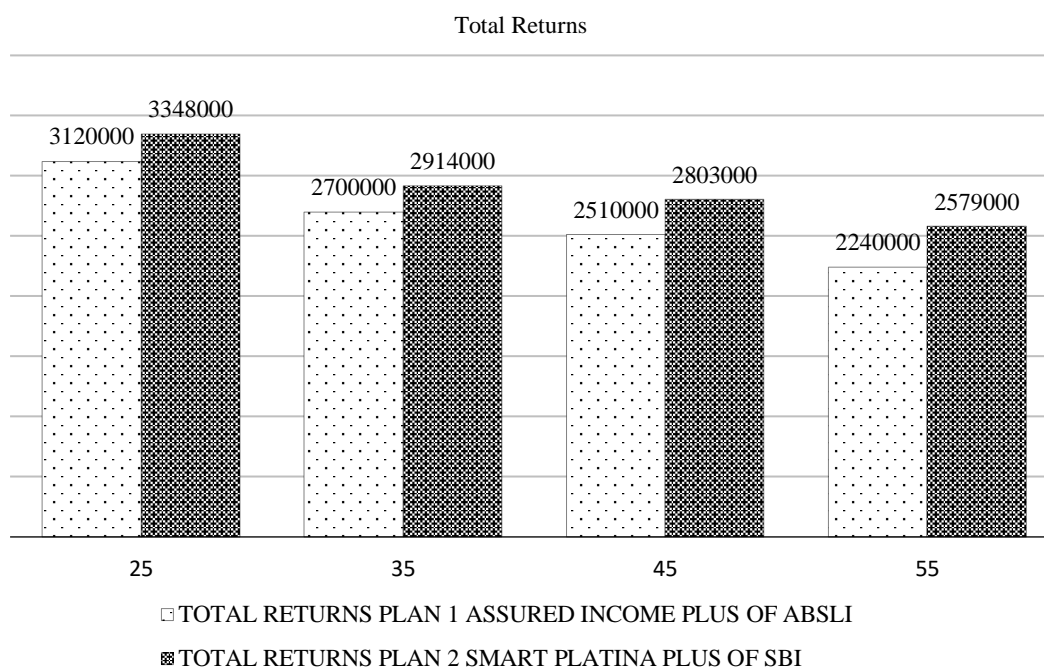


Figure 7. Total returns of plan 1,2.

And at the age of 35 years, total returns by Smart Platina Plus is 7.3% higher as compared with AIP. Similarly at the age of 45 years, total returns by Smart Platina Plus is 10.4% higher as of assured income plus. As above total maturity amount received by Smart Platina Plus at 55 years is 13.14% higher as compared with AIP. So, it is clearly shown that by comparing both the plans that as the age increases smart platina gives higher returns irrespective of age (Table 7).

From the above table and graph, it is interpreted that guaranteed amount received from assured income plus is constant at all the levels of life whereas guaranteed amount from Smart Platina Plus is changes as age increases (Figure 8).

Table 7. Table below shows the total returns or lump sum payout or maturity amount received by the policyholder on defined amount of premium and for certain period of time.

Age in years/insurance plans	Total returns	
	Plan 1	Plan 2
	Assured Income Plus of ABSLI	Smart Platina Plus of SBI
25	3120000	3348000
35	2700000	2914000
45	2510000	2803000
55	2240000	2579000

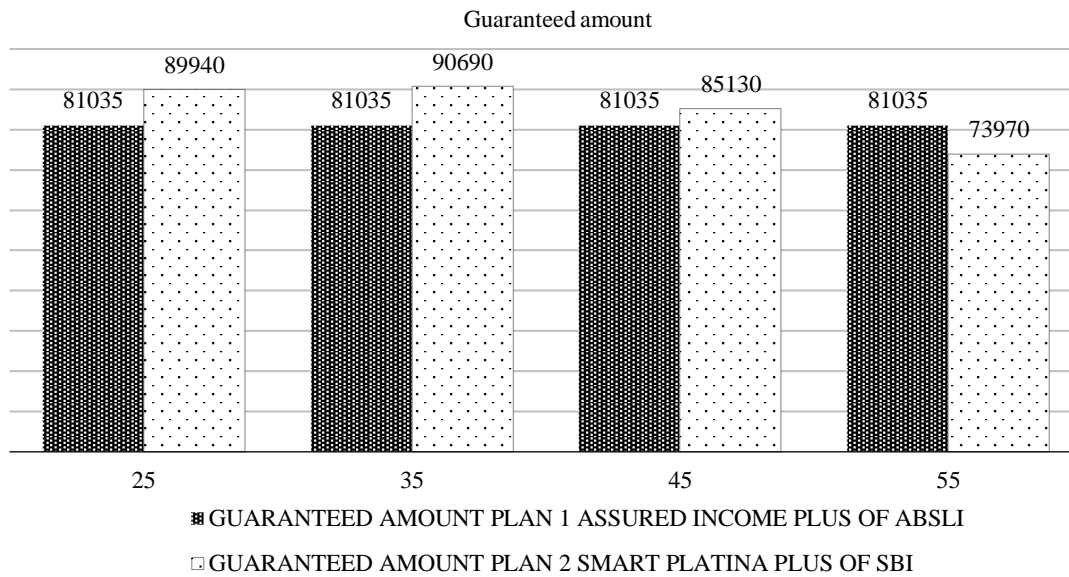


Figure 8. Guaranteed amount of plan 1 and 2.

It is observed that the guaranteed amount from assured income plus is less as compared with smart platina plus till the age of 45 years.

But at the age of 55 years, guaranteed amount from assured income plus is higher as compared with smart platina plus (Table 8).

Table 8. Comparison between guaranteed amounts received by policy holder from two guaranteed insurance plans on certain amount of premium paid.

Age in years/insurance plans	Guaranteed amount	
	Plan 1	Plan 2
	Assured Income Plus of ABSLI	Smart Platina Plus of SBI
25	81035	89940
35	81035	90690
45	81035	85130
55	81035	73970

FINDINGS

- When a person invests Rs. 50,000 for 6 years and payout term is 20 years Assured Income Plus of ABSLI provides higher sum assured as compared with Smart Platina Plus of SBI but at decreasing rate at all age groups.

- Like in AIP, it is Rs. 675000 at the age of 25 and Rs. 575000 at the age of 45 while smart platina plus its constant as Rs. 550000.
- But when the premium rises to Rs. 1 Lakh for 6 years and payout term is 10 years, the sum assured of ABSLI is higher till the age of 45 years but after that AIP is lower than Smart Platina Plus like it is Rs. 1350000 in 25 years and in 55 years, it come down to Rs.1050000 while in smart platina plus Rs. 1100000 is constant in all age groups.
- When the premium is Rs. 50,000 the assured income plus gives 12.5% higher returns from at the age of 25 years Smart Platina Plus, whereas when the premium is Rs. 1 lakh Smart Platina Plus gives 7.3% higher returns from AIP.
- Similarly, at the when premium is Rs. 50000 AIP provides 19.6% higher returns as compared with Smart Platina Plus at the age of 45 while the premium is Rs.1 lakh Smart Platina provides 10.4% higher returns as compared with AIP.

In both the premium amount Rs. 50000 and Rs. 100000, the guaranteed amount remains constant as Rs. 21225 yearly and Rs. 81035 yearly at all the age groups.

CONCLUSION

Over the course of your lifetime, you will undoubtedly spend a lot of money on insurance and purchase multiple different policies. To make the greatest purchase decision, you must understand what each type of insurance covers and how it operates. Prior to making a decision, weigh the costs and advantages.

Find the finest insurance for your needs by doing some research. Even while it is common for people to say they cannot afford insurance, the reality is that they cannot afford to forgo it. It might save them from having to pay tens of thousands of dollars in additional expenses when unanticipated events happen. The right insurance coverage can protect your family and you from unforeseen calamities, but you do not want to waste your money on unnecessary coverage.

Throughout the customer's life cycle, ABSLI offers a variety of products, including unit-linked insurance plans (ULIPs), retirement and pension solutions, health plans, future plans for children, and wealth protection plans.

SBI is currently one of the market's major participants, and the variety of products and services it provides enables it to meet the insurance demands of a wide range of clients. SBI Life has grown phenomenally, and as a result, it has had a significant influence on the growth of the Indian insurance sector.

People from all throughout the nation can use its services. You can be confident that SBI Life and its knowledgeable and committed staff will assist you in finding a life insurance policy that best meets your unique needs if you are looking for one.

As resulted from all the tables and graphs it came to a conclusion that for higher sum assured "Assured Income Plus" of ABSLI best suits to the policyholder and for higher yearly guaranteed returns Smart Platina Plus is the best option to invest.

According to the research and above analysis, it is concluded that the Assured Income Plus and Smart Platina Plus both are good options for guaranteed income and returns. An investor should invest in a plan according to their needs and requirement and as per their investing capacity.

Recommendations

- An investor must take insurance at his earliest age to enjoy the maximum benefits if insurance policy.

- For higher amount of sum assured an investor should take Assured Income Plus plan of Aditya Birla Sun Life Insurance (ABSLI)
- For getting total returns at minimum investment Assured Income Plus plan of ABSLI is a better option.
- And for getting total returns at higher amount of premium Smart Platina plus of SBI is a good plan.

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