

"Think in
other terms..."



National University of



Science and Technology

DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE

RESEARCH TOPIC:

Are unit linked life insurance products providing value to policyholders? A Zimbabwean case study of Unit linked life insurance products vs unit trusts.

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ABSTRACT

When unit linked life insurance products were sold, there were certain reasonable expectations that the policyholder expected to be met. However, when the life industry experienced a decline in its new business production levels, coupled with an increase in surrenders and lapses, the question as to whether these products were meeting these expectations had to be answered. The researcher carried out an investigation to find out whether unit linked life insurance products were providing real value to policyholders. Unit trusts were used as a basis of comparison as there was an interesting positive correlation between them and unit linked life insurance products. A comparison of investment returns and benefits offered by a major life company and two asset management companies with unit trusts funds all commanding a reasonable market share was carried out. It was discovered that although returns were higher for unit trusts funds, the life products had been highly competitive in this regard providing real returns in most of the years under study. Unit linked life insurance products had added highly innovative rider benefits in order to make the product more sustainable in the hyper inflationary era. The researcher also made recommendations which could improve returns, reduce lapse and surrender rates and give the product a competitive edge in the savings market.