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## INTRODUCTION

Today, Multi-Level Marketing (MLM) is expanding into more and more fields. The insurance industry is merely one among them. Traditionally, selling insurance is viewed as a tedious and demotivating job. Well, not until you learn how MLM can increase policy sales. Companies are searching for creative ways to spread the word and attract the most business in the shortest amount of time as the insurance industry faces increasing competition (Rekha Choudhary, 2013).

Multi-level marketing is a type of marketing strategy that encourages users to spread the word about a specific product across their social networks. Although this strategy was around in some capacity long before the Internet era (the famed Pyramid scheme, which has been around for at least a century, is actually a special type of multi-level marketing), its popularity is growing as a result of the accessibility of contemporary social networks (Yuval Emek, 2011).

According to article (Daryl Koehn, 2001), Multi Level Marketing (MLM) programmes are among the business models that are expanding the quickest. The ethics of MLMs, however, have not received much attention. Given that certain well-known MLMs have been accused of operating as pyramid scams, this error is fairly unexpected. In 1996, pyramid schemes were the most popular internet fraud scheme, while in 1997, they were the fourth most popular (National Consumers League, 1997).

During the 1990s, multilevel marketing (MLM), a particular type of direct selling, saw substantial expansion on a global scale, helped in part by the rise of the Internet. During the same time period, there was a similar rise in the examination and prosecution of illicit pyramid schemes. The marketing managers who utilised or desired to employ the MLM strategy experienced heightened uncertainty as a result of these simultaneous operations. The authors look at parallels between multilevel marketing strategies and actions connected to criminal pyramid schemes. Based on prior pyramid scheme trials and current U.S. law, a mathematical model is employed to distinguish between the two. The model's findings point out important variables that marketers interested in MLM will need to take into account while creating this kind of distribution channel (Peter J. Vander Nat, 2002).

After that, according of Heidi Liu's article, companies that specialise in multilevel marketing (MLM) pay independent consultants depending on their sales and ability to bring in new consultants. Additionally, it constitutes a major portion of the American economy. However, MLMs don't disclose a lot of potentially important information to regulators or prospective participants. MLMs are sometimes linked to pyramid schemes, while consultants contend that joining one enables them to generate income outside of the conventional full-time workforce (Heidi Liu, 2018).

## FACTS AND EXPLANATION

We conclude on three objectives that can be highlighted from this article.

First, explain about multi-level marketing. Multi-level marketing (MLM) schemes are one of the fastest growing types of business. Multi-level marketing, also known as network marketing, refers to the practice of distributing, selling or supplying products or independent agents (contractors, distributors, etc). These agents are paid commissions, bonuses, discounts, dividend or other forms of consideration in return for selling products or services and or for recruiting other agents. The party who recruits another participant is the “upline” of the recruit. The recruited party is the “downline” of the recruiter. In MLM, upline are paid bonuses or commissions on the sales made by their direct downlines and by those who are downline of these direct downlines (Darly Koehn, 2001).

For example, selling insurance policies. With the competition heating up in the insurance sector, companies are looking for innovative methods to spread the message and garner maximum business in shorter time. Many local MLM companies having quite large spread in the market are joining hands with leading insurance brands to promote their product along with an assortment of their own products (Rekha choudhary, 2013).

The second objective, Study about the bad perception experienced by users. Questions that often arise about the Network Marketing industry is this business model workable, or is it just a sham? While having this doubt is totally justified, it is also a known fact that the direct selling industry is fast growing and has the distinction of creating the maximum millionaires every year (Rekha choudhary, 2013).

This oversight is somewhat surprising, especially because some prominent MLMs have been accused of being pyramid schemes. Pyramid schemes were the number one type of internet fraud in 1996, and the fourth most common form of internet fraud in 1997 (National Consumers League, 1997) (Darly Koehn, 2001).

Pyramid or endless-chain distributor schemes ask people to make an investment and, in return, grant them a license to recruit others who, in turn, recruit still others into the scheme. In essence, the investor pays for the opportunity to receive compensation when his or her recruit