

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UN-STARRED QUESTION NO- 1140

TO BE ANSWERED ON MONDAY, 10 FEBRUARY, 2025 / MAGHA 21, 1946 (SAKA)

Steps to Enhance Bonus for LIC Policyholders

1140. SHRI PARSHOTTAMBHAI RUPALA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has evaluated the workload of individual employees and branches within LIC and if so, the details thereof and if not, the reasons therefor;
- (b) the steps taken to enhance the vigilance system in LIC and ensure continuous monitoring to avert any possible manipulation;
- (c) the reasons for not mentioning in LIC's policy documents that every policy issued by LIC is supported by the Government's sovereign guarantee in accordance with section 37 of the LIC Act, 1956;
- (d) the measures taken by the LIC to reduce unproductive costs and the reasons for continuous oversight of these expenses at the senior management level; and
- (e) the initiatives taken by the LIC to enhance bonus for all policyholders?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

- (a) LIC is a Board governed commercial entity operating in a competitive and regulated environment and has a robust performance appraisal system for all employees. Further performances of individual employee are assessed by LIC through Key Performance Indicators (KPIs) set at the start of financial year and reviewed twice in a year. Performance of LIC is reviewed at regular intervals by the Government.
- (b) LIC adheres to CVC guidelines to ensure continuous monitoring to avert any possible manipulation. LIC *inter-alia* conducts surprise checks, Audits, Inspections, scrutiny of returns on immovable / movable assets, review of procurement of materials and service contracts etc. Committees like preventive vigilance committee and fraud monitoring committee are already in place.
- (c) LIC is governed under the provisions of Life Insurance Corporation Act, 1956, Insurance Act, 1938, IRDAI (Insurance Regulatory and Development Authority of India) Act, 1999 and the rules and regulations made thereunder. Whereas, LIC's policy document is a contract between Insurer and Policyholder for the entire duration / term of the policy. However, the sum assured by all policies including any bonuses declared in respect thereof is supported by the Government's sovereign guarantee as indicated in section 37 of LIC Act.
- (d) Budget Review is being done regularly and Expenses of Management (EOM) are being monitored as per the IRDAI EOM Regulations. Further LIC has taken measures *viz.* installing of solar panels, LEDs, sensor operative switches and conducting most of the meetings and trainings through video conferencing for reducing expenses.
- (e) The bonus payable depends on the surplus generated as result of an annual actuarial investigation in accordance with relevant rules and regulations. LIC strives to generate optimal returns by ensuring investment in high quality assets while ensuring a risk reward balance, which is also reviewed by the Investment Committee of LIC.
