Chapter-2

History of

Life Insurance Corporation of India
LIFE INSURANCE CORPORATION OF INDIA

History of L.I.C

Risk and uncertainties are part of human life. These risks may arise anywhere whether a person is inside his/her house or is outside the house. No amount of safeguarding measures can eliminate the possibility of risk altogether, it can only minimize its possibility. It is also very difficult to predict accurately the day of the happening of risks.

Every risk leads to monetary or physical loss. These losses can be bore by a person if they are small but a big loss cannot be bore. Insurance is a method by which a particular risk is spread over a large section of people. Insurance is a process in which a large number of person collect their small contributions in the from of premium and losses are paid from the contributions so pooled.

Life Insurance made its first appearance in England in 16th Century the first recorded evidence in England being the policy on life.
of William Gybbons on June 18, 1653. Even before this date annuities had become quite common in England and marine insurance had, infect made its appearance three thousand years ago. The life insurance developed at 'Exchange Alley'. The first registered life office in England was the Hand-in Hand Society established in 1696. The famous Amicable Society for a Perpetual Assurance Office started its operation since 1706. Life insurance did not prosper in the United States during the 18th century because of serious fluctuations in death rate but soon after 1800 some active interest began to be shown in this enterprise because of the application of level premium plan which had by then been in operation in U.K. for more than a generation. In India, some Europeans started the first life insurance company in Bengal Presidency viz. the Orient Life Assurance Company in 1818. The year 1870 was a year of a landmark in the history of Indian Insurance separating the early period of pioneering attempts at life insurance from the subsequent period of steady development at the establishment of Indian Life Office viz. Bombay Mutual Life Assurance Society in 1871. The next important life office
was Oriental Government Security Life Assurance Co. Ltd. This started its operation since 1874.

In early times men who were engaged in trade by sea attempted to minimize the losses which resulted from the perils of the sea by spreading the losses amongst a large number of persons who are similarly engaged. Naturally many ships arrived safely in port and it was only a few that suffered loss. The many who did not suffer loss contributed to mitigate the sufferings of the few who did. So much good followed from this arrangement that the traders adopted the idea in many lands and gradually there came into existence groups of men who specialized in managing the funds and shared the rates of loss which occurred in the different types of marine ventures. This was the beginning of marine insurance.

Evidence is available about crude forms of maritime contracts made by the Babylonians Rhodians & Greeks about the middle of third millennium B.C. However, the early history of insurance is hidden in the mists of antiquity. The earliest available reference to
some from of insurance is found in the codes of Hammurabi and Manu (Manav Dharma Shastra). The term YOGAKSHEMA⁴ is used in the Rig Veda suggesting that some form of community insurance was practiced by the Aryans in India over 3,000 years ago.

In India, burial societies are known to have existed during the Buddhist periods, which were invariably mutual in their character. The village community came to the help of a family by building up a house, protecting the widow, marrying girls according to the status of the family, educating children and apprenticing boys in business. The same principle was observed through collections in temples, churches and charitable institutes. An outstanding example of the institution of mutual help in our country is the joint family system.

The early development of insurance was spasmodic and was restricted mostly to fields other than life. Scientific life assurance is a heritage from England, where the first life policy, providing temporary cover for a period of twelve months, was issued as early as 1583 A.D.

The "Amicable Society"\textsuperscript{5} (1705) granted fluctuating sum on death till this society had accumulated sufficient funds to grant a fixed sum on death (1757). The development of mortality tables was a landmark in the history of life assurance. With this development life assurance acquired a scientific character. The equitable society, founded in 1762, was the first to be founded on a scientific basis with premiums computed according to age and period of insurance.

The early history of modern insurance in India is somewhat obscure. The earliest references are traceable to the days of the East India Company when some British offices issued policies on the lives of its officers in sterling currency. Also one or two societies attached to the churches had started "funds" to help the members of the Parish. A few British companies, which attempted to write business on the lives of Indians, came to grief or were amalgamated with others. The failure of two British companies, the "European" and the "Albert" in 1870, adversely affected many people in this country.

\textsuperscript{5} Dinsdale, W.A. and McMurdie D.C., Elements of Insurance, pp. 31-32.
The first organized effort to establish a life assurance office in India was made in 1870 with the formation of the Bombay Mutual Assurance Society Ltd. In the initial years after its formation this society was content with operating on a limited scale, and if it was left to the “Oriental Government Security Life Assurance Company Limited” (estd. 1874); the first proprietary life office to be formed in India, to expand the business in an organized manner throughout India and abroad. A few years later, the “Bharat” (estd. 1896) and the “Empire of India” (estd. 1897) were established.

The Swadeshi movement of 1905 provided impetus to the formation of several companies such as the “Hindustan Cooperative”, the United India, the Bombay life, the national, the general, the “Asian” and the “Indian Mercantile”. It was in the wake of the freedom Movement that a number of companies such as the “New India”, the “Industrial and Prudential” the “Jupiter”, the “Lakshmi” etc. came to be established. A further spurt in the formation of new companies was witnessed during the Second World War when
inflationary pressures tended to swell the volume of business written in the country.

Although a number of Indian offices had come into existence, the volume of business written by them negligible till the end of the First World War, the insurance field being mostly in the hands of British and American offices. After the termination of the First World War, the pace of industrialization was accelerated in India. The Swadeshi Movement had already gathered momentum and with the intense nationalism that permeated Indian thought in the twenties. Indian offices began to take their due share of the country's business. From then onwards, Indian insurance business continuously progressed and every passing year witnessed a slow but steady rise in the per capita insurance in the country. At the close of the Second World War the proportionate share of the business written by the Indian insurance had increased to over 90% of the total new business written in India.
The Government began to exercise a certain measure of control on Insurance Business with the passing of the first insurance Act in 1921. The marked increase in the volume of life assurance business since then and the development of other forms of insurance business soon suggested that more comprehensive legislation was needed. With a view to establishing closer supervision and control in matters of investment of funds, expenditure and general management of insurance business, Government enacted the Insurance Act, 1938, simultaneously; the department of insurance under the authority of the Superintendent (now Controller) of Insurance was established.

The Act was extensively amended in 1950. The Controller of Insurance is currently responsible for the administration of this Act. An Insurance year Book (Blue Book) is published by the controller of Insurance every year giving information relating to the progress of life and other typed of Insurance business in India.

In the year 1955, approximately 170 Insurance Offices and 80 Provident Societies had been registered for transacting life assurance
business in India. A few of these were foreign companies with their Head Office outside India. In addition to these insurers, a large number of other insurance that had registered them for transaction of life assurance business had either gone into liquidation or had been taken over by the existing insurers.

From a study conducted at about that time, it was found that the concept of trusteeship which shall be the cornerstone of life insurance seemed entirely lacking and most managements had no appreciation of the clear and vital distinction that exists between trust monies and those that belonged to joint stock companies owned by the share holders. Therefore it was felt necessary to nationalize insurance business in India with a view to (1) providing for cent percent security to policy holders (2) ensuring the use of life insurance funds for nation building activities (3) avoiding wasteful efforts in competition (4) saving the dividends paid to share holders of insurance companies (5) avoidance of certain undesirable practices adopted by some of insurance companies. Managements who had been misusing their power, position and privilege fettering away the resources belonging
to policy holders and (6) spreading the gospel of insurance beyond the more advanced urban areas well into the hitherto neglected rural areas.

The Government of India took the first step towards nationalization of life Assurance business in India on the 19th January, 1956, by promulgating an Ordinance vesting the management and control of life insurance business in India in the Central Government. However, the companies continued to exist as separate entities and the ownership continued with the respective share holders until the LIC Act came into force. It will be appropriate to quote here the words of the then Finance Minister, Shri C.D. Desmukh, From his broadcast to the Nation on the eve of the promulgation of the life insurance (Emergency Provision) Ordinance, 1956, regarding the purpose of nationalization. He said, “The nationalization of life insurance will be another milestone on the road the country has chosen in order to reach its goal of a socialistic pattern of society. In the implementation of the second five-year plan, it is bound to give material assistance. Into the lives of the millions in the rural areas, it will introduce a new sense of awareness of building for the future in the spirit of calm confidence which insurance alone can give. It is a measure conceived in a genuine
spirit of service to the people. It will be for the people to respond, confound the doubters and make it a resounding success.

The life Insurance Corporation Act (Act XXXI of 1956) was passed by the Parliament in June, 1956 and it came into force on 1st July, 1956. By this Act, all the assets and liabilities appertaining to the life Assurance business, in India of all registered insurers, and out side India of all registered Indian insurers were to be transferred to and vested in the life insurance corporation of India as from the appointed day the life insurance corporation of India came into existence on the 1st September 1956.

Objectives of LIC:

With the approved of the central Government the LIC formulated the following objectives:

- Spread Life Insurance widely and in particular to the rural areas and to the socially and economically backward classes with a view to reaching all insurable persons in the country and

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6 Broadcast to the Nation on All India Radio.
providing them adequate financial cover against death at a reasonable cost.

- Maximize mobilization of people’s savings by making insurance-linked savings adequately attractive.

- Bear in mind, in the investment of funds, the primary obligation to its policyholders, whose money it holds in trust, without losing sight of the interest of the community as a whole; the funds to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive return.

- Conduct business with utmost economy and with the full realization that the moneys belong to the policyholders.

- Act as trustees of the insured public in their individual and collective capacities.
• Meet the various life insurance needs of the community that would arise in the changing social and economic environment.

• Involve all people working in the Corporation to the best of their capability in furthering the interests of the insured public by providing efficient service with courtesy.

• Promote amongst all agents and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of Corporate Objectives.

**Development of LIC:**

Life Insurance business in India as a nationalized industry is at present regulated mainly by the provisions of the Insurance Act, 1938 as made applicable to the Life Insurance Corporation of India, the Insurance Rules, 1939 the Life Insurance Corporation Act, 1956, the Insurance Corporation Rules 1956 and Life Insurance Corporation Regulations, 1959. For the conduct and development of life insurance business efficiently, the Life Insurance Corporation of India has framed
regulations such as life Insurance Corporation (Staff) Regulations, 1960 and life insurance corporation (Agents) Rules 1972.

Life Insurance Corporation Act, 1956:

The life insurance business in India was nationalized in the year 1956. The LIC Act, 1956 came into force on 1st July, 1956 and life Insurance Corporation of India was established with effect from 1st September, 1956. Section 7 of the Act provides for the transfer to and vesting in the Corporation with effect from 1.9.1956 of all the assets and liabilities pertaining to life insurance business (therein called the “Controlled Business”) of all existing insurers. Since 1956 life Insurance Corporation of India is the only insurer transacting life insurance business in this country. The Central Government, however, continues to run the scheme know as the Post Office life insurance Fund.

Formation of the Corporation:

Under Sec. 3(2) of the Act, the corporation is a body corporate having perpetual succession and a common seal with power, subject to
the provision of the Act to acquire, hold and dispose of property and may by its name sue and be sued. Sec. 4 provides that the corporation shall consist of such number of persons not exceeding sixteen as the Central Government may think fit to appoint there and one of them shall be appointed by the central government to be the Chairman thereof the original capital of the corporation is Rs. 5 crores provided by the Central Government in terms of Sec. 5.

Powers and Functions of the Corporation:

The powers and functions of the corporation are circumscribed by the Act. Under Sec. 6 of the Act, it shall be the general duty of the corporation to carry on life insurance business, whether in or outside India, and the corporation to carry on life insurance business, whether in or outside India, and the corporation shall so exercise its powers under the Act as to secure that life insurance business is developed to the best advantage of the community subject to the provisions of the Act, the corporation shall have power⁷:

⁷ Leaflet LIC. Mumbai, p.2.
a) to carry on capital redemption business annuity certain business or reinsurance business in so far as such reinsurance business appertains to life insurance business;

b) to invest the funds of the corporation in such manner as the corporation may think fit and to take all such steps as may be necessary or expedient for the protection or realization of any investment, including the taking over of and administering any property offered as security for the investment until a suitable opportunity arises for its disposal;

c) to acquire, hold and dispose of any property for the purpose of its business

d) to transfer the whole or any part of the life insurance business carried on outside India to any other person or persons, if in the interests of the corporation it is expedient to do so;

e) to advance or lend money upon the security of any movable or immovable property or otherwise;

f) to borrow or raise any money in such manner and upon such security as the corporation may think fit;
g) to carry on either by itself or through any subsidiary any other business in any case where such other business was being carried on by a subsidiary of an insurer whose controlled business has been transferred to and vested in the corporation under the Act;

h) to carry on any other business which may seem to the corporation to be capable of being conveniently carried on in connection with its business and calculated directly or indirectly to render profitable the business of the corporation

i) to do all such things as may be incidental or conductive to the proper exercise of any of the powers of the corporation.

Sub-Sec.(3) of Sec. six requires that in the discharge of any of its functions, the corporation shall act so far as may be on business principles.

**Nationalization of Life Insurance Business:**

With the establishment and operation of large number of insurance companies in the private sector, a demand for their nationalization was
made by many from time to time. In 1939, a subcommittee set up by the National Planning Committee considered this demand and opined that 'all public utility and social services should be owned by the state in the interest of community as whole'\(^8\). It further felt that insurance is also liable to abuse, if it remains in private interest motive how ever remotely by the desire of private profit\(^9\). However, the committee did not favor the nationalization of life insurance business but advised strict control on it. The demand for nationalization was once again raised in the Legislative Assembly in 1944 but the British Government did not accept the demand.

"In free India Five Year Plans were Launched with required substantial funds. The need to extend the benefits of life insurance to rural and neglected sector of the society was also widely experienced. Just about the same time serious complaints of misuse of funds by many insurance companies where received by the controller of a

\(^9\) Ibid. p. 25.
insurances all these faltons prompted the Government to nationalize the life insurance business in India."

On January 19, 1956 the Government promulgated Life Insurance (Emergency Provision) Ordinance through which it took ‘temporary charge of the life insurance business of 154 Indian, 16 non-Indian insurers and of 75 provident fund societies operating in the country.’ On the eve of promulgation of the Ordinance the then Finance Minister, Sheri C.D. Deshmukh had said, “The nationalization of life insurance business will be another milestone on the road country has chosen in order to reach its goal of a socialistic pattern of society. In the implementation of the second five year plan it is bound to give material assistance into the live of millions in the rural areas. It will introduce a new sense of awareness of the building for the future in the spirit of calm confidence which insurance alone can give. It is a measure conceived in a genuine spirit of service to the people. It will be for the people to respond, confound the doubts and make it a

resounding success.”

Till the emergence of the LIC, the insurance companies continued to perform their normal business individually on behalf of the Central Government. Later on, the government who work over management of these companies appointed custodians.

On June 18, 1956 the Government brought a bill in the Parliament for the formation of the LIC. The bill, better known as the life insurance Corporation of India Act, 1956, came into force on July 1, 1956 and the life insurance of India was established on September 1, 1956 which took over the life insurance business of all Indian insurers, provident fund societies and all foreign insurers engaged in the life insurance business in India. The LIC is a monopolistic and monolithic institution- the only exception being the postal life insurance and a few compulsory schemes of life insurance for state employees managed by some State Governments.

"The government’s sudden decision to nationalize life insurance was based on ideological and doctrinaire considerations. The industry

12 Broadcast to the nation on All India Raido.
was not taken into confidence. A spokesman of the London life Offices Association considered this step as retrograde and inconsistent with the interest of the policyholder.”" However, the decision of the Central Government to nationalize the life insurance business in India was unique in the sense that our country was the first in the whole world to do so. The insurance industries in Canada are predominately under the free enterprise system. All insurance companies except one are owned by private capital in Singapore. Similarly, the private sector units heavily capture the insurance industry in USA.

Objectives of Nationalization:

“Nationalization of life insurance was aimed at widening the channels of public savings and utilizing the funds mobilized more effectively for financing our five year plans. It was designed to bring the benefits of this social service to the citizens and ensure complete

13 Bajpai, O.P. : Element of Life Insurance, p. 189.
security of the funds collected.\textsuperscript{15} In brief, the main objectives of nationalization of the life insurance business in India were as below\textsuperscript{16}:

(i) To achieve the goal of the socialistic pattern of society.

(ii) To spread life insurance much more widely particularly to the rural areas and to the socially and economically weaker section of the society.

(iii) To provide complete security to the policyholders in respect of the money they have paid towards premium. The fund to be deployed in the best advantage of the investors as well as the community as a whole.

(iv) To mobilize people's savings to finance the national five years plans.

(v) To avoid wasteful efforts in competition.

(vi) To conduct the business with utmost economy and with the realization that the money belong to the policyholders.

(vii) To avoid mal-practices being adopted by the management of some companies before nationalization, misuse of powers, their positions etc.

\textsuperscript{15} Yogakshema, Mumbai, vol. 30, No. 12, Dec., 1986, p. 27.
\textsuperscript{16} Leaflet LIC Mumbai, p. 1.
(viii) To regulate the insurance on scientific basis,
(ix) To save dividend paid to the shareholders of the insurance company.

**Progress of the LIC’s Business :**

It is now proposed to present a bird’s eye view of the progress made by the life insurance corporation of India from its inception to 2002 notwithstanding a few gaps of annual data here or there due to their non-availability.

**Total New Business :**

Table carries the data relating to new business of the LIC during 1956-2004. It is noted that the corporation did a new business of individuals of Rs. 336.37 crores in 1957 and Rs. 199698.31 crores in 31st March 2004. The total new business of group premium Rs. 46.05 Lakhs in 1969-70 and Rs. 361229.37 Lakhs in 2003-04.

**Total Business in Force :**

The total business in force of the corporation has been depicted through table, which shows that the total business in force of individual was Rs. 1476.52 crores in 1957 and Rs. 1113734.91 crores in 2003-04.
Table show that the total business in force of group was Rs. 524 crore in 1957 and Rs. 145103.70 crore in 2003-04. And the no of policies in force was 56.86 Lakhs in 1957 and 1562.44 Lakhs in 2003-04.

The total business in force of life fund was Rs. 410.40 crore in 1957 and Rs. 337986.12 crore in 2003-04. And group business was 58.41 Lakhs in 1979-80 and 264.80 Lakhs in 2003-04.

**PROGRESS AT A GLANCE (L.I.C.)**

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<td><strong>TOTAL NEW BUSINESS</strong></td>
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<tr>
<td>Individual (Rs. In Crore)</td>
<td>336.37</td>
<td>990.03</td>
<td>2744.33</td>
<td>23319.53</td>
<td>91214.26</td>
<td>192572.31</td>
<td>179811.17</td>
<td>199698.31</td>
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<td>Group (Rs. In Lakhs)</td>
<td>-</td>
<td>46.05</td>
<td>2262.06</td>
<td>20270.81</td>
<td>66619.43</td>
<td>99446.11</td>
<td>164574.44</td>
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<td><strong>BUSINESS IN FORCE</strong></td>
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<tr>
<td>Individual (Rs. In crore)</td>
<td>1476.52</td>
<td>6348.09</td>
<td>19242.55</td>
<td>94823.22</td>
<td>536450.82</td>
<td>811011.00</td>
<td>956675.20</td>
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<td>Group (Rs. In crore)</td>
<td>52.99</td>
<td>77.17</td>
<td>6137.46</td>
<td>23049.64</td>
<td>76384.53</td>
<td>100597.64</td>
<td>124312.99</td>
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<td>NO. of policies in force (In lakhs)* (including individual pension plans)</td>
<td>56.86</td>
<td>140.40</td>
<td>220.94</td>
<td>408.18</td>
<td>1013.89</td>
<td>1258.76</td>
<td>1411.63*</td>
<td>1562.44</td>
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<td>Total no of lives covered under</td>
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<tr>
<td>Group Business** (In lakhs)</td>
<td>@</td>
<td>@</td>
<td>58.41</td>
<td>163.02</td>
<td>243.02</td>
<td>256.99</td>
<td>251.85</td>
<td>264.80</td>
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<td>Life Fund (Rs. in Crore)</td>
<td>410.40</td>
<td>1611.03</td>
<td>5818.09</td>
<td>24418.75</td>
<td>54043.73</td>
<td>227008.98</td>
<td>281064.33</td>
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<td><strong>INVESTMENT (Rs. in crore)</strong></td>
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<td>a) Book value of total investments</td>
<td>381.90</td>
<td>1514.26</td>
<td>5747.51</td>
<td>21958.80</td>
<td>146364.00</td>
<td>216883.00</td>
<td>265044.00</td>
<td>343129.00</td>
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<td>b) Book value of socially oriented investments</td>
<td>@</td>
<td>513.21</td>
<td>2472.29</td>
<td>16368.38</td>
<td>117866.00</td>
<td>173370.00</td>
<td>213477.00</td>
<td>256105.00</td>
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<td><strong>CLAIMS SETTLED</strong></td>
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<tr>
<td>Number (in lakhs) including G&amp;G</td>
<td>@</td>
<td>3.21</td>
<td>7.19</td>
<td>20.77</td>
<td>66.42</td>
<td>87.67</td>
<td>96.91</td>
<td>103.53</td>
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<tr>
<td>Amount (Rs. In Crore)</td>
<td>25.00</td>
<td>81.36</td>
<td>270.88</td>
<td>1429.29</td>
<td>9211.36</td>
<td>14519.23</td>
<td>17035.81</td>
<td>19607.20</td>
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<td>First Year Premium (Rs. In Crore)</td>
<td>13.72</td>
<td>41.90</td>
<td>135.11</td>
<td>1057.85</td>
<td>5662.51</td>
<td>10271.36</td>
<td>10626.03</td>
<td>11752.20</td>
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<td>Renewal premium (Rs. In crore)</td>
<td>74.35</td>
<td>214.71</td>
<td>690.15</td>
<td>2900.90</td>
<td>21000.44</td>
<td>29646.52</td>
<td>38630.37</td>
<td>46148.63</td>
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</table>

** Including Capital Redemption and Annuity Insurance @ Figures not available
Source—Dairy of Life Insurance Corporation of India**
Organizational Structure:

The corporation is to have a central office at a place to be specified by the Central Government by notification in the official gazette and Zonal Offices at Mumbai, Kolkata, Delhi, Kanpur and Chennai headed by a Zonal Manager and as many Divisional and Branch offices in each zone as the Zonal Manager thinks fit.

The corporation may entrust the general superintendence and direction of the corporation to an Executive Committee consisting of not more than five members of the corporation and the Executive committee may exercise all powers and do all such and things as may be delegated to it by the corporation.

The corporation may also constitute an Investment Committee to advise it in matters of investments and such other Committees as the corporation may think fit.

The corporation may appoint one or more persons to be the Managing Director or Directors and the Managing Director shall be a
whole time employee of the corporation. Section 21 empowers the Central Government to give directions to the corporation in matters of policy involving public interests and such directions shall guide the corporation. If any question arises whether a direction relates to a matter of policy involving public interest the decision of the Central Government thereon shall be final.

Finance, Accounts and Audit:

The corporation shall have its own fund and all receipts of the corporation shall be credited and all payments of the corporation shall be made there from. The accounts of the corporation shall be audited by auditors appointed by the corporation with the previous approval of the Central Government.

This provision had evoked bitter criticism as the Comptroller and Auditor General of India was kept out of the corporation’s Audit. The omission of any provision for audit by the Comptroller and Auditor General of India we find most objectionable from the point of view of public accountability. The entire capital of the corporation is
to be found from the public funds voted by the parliament and the policies as well as bonuses are to be guaranteed by the Central Government.

Since the treasury would be called upon to bear the entire financial responsibility regarding the life insurance in India, it is imperative upon the parliament to secure the public accountability of the corporation which could be done only by subjecting the corporation's accounts to the audit of the Comptroller and Auditor General of India, the only authority competent to carry out audit on behalf of the parliament stated one of the dissenting notes to the report of the select committee.

The auditors shall submit their report to the corporation and shall also forward a copy thereof to the Central Government.

Meetings of the Corporation:

The Regulations require that the corporation shall meet at least once in the three months at a place, which the Chairman may
determine. The Chairman is obliged to call a meeting on a requisition signed by three members. Five members personally present shall be a quorum for a meeting. In the absence of a quorum at a meeting, the meeting shall be adjourned to another date within a week of such meeting. If at the adjourned meeting the quorum is not present shall be the quorum.

All matters submitted to the meeting are to be decided by a majority of the members present and voting, the Chairman having a casting vote in case of a tie. All decisions at the meeting are required to be in the form resolutions. The proceedings of every meeting shall be circulated to the members.

Committees:

The Regulations have provided for the constitution of the Committees of the corporation.

1. The Executive Committee

The Executive Committee consists of the Chairman and not more than four members who will be appointed by the
corporation. The Executive Committee is endowed with the power and authority to exercise all such powers and to do all such acts and things as the corporation is entitled to exercise and do.

2. Investment Committee

Investment Committee shall consist of the Chairman and not more than seven members to be appointed by the corporation and of whom not less than three shall be members of the corporation. The Investment Committee will advice the corporation on the investment of its funds.

3. Building Advisory Committee

The Chairman and not more than four other members shall be on the Building Advisory Committee. The Committee is empowered to scrutinize proposals for purchase and sale of properties and construction and maintenance of buildings and all other matters connected there with.

Chairman:

Chairman shall be the Chief Executive of the corporation. He may subject to the directions of the corporation or any of its
Committee exercise all such powers as may be exercised by any of the Committee of the corporation.

In an emergency the Chairman shall be competent to exercise all the powers any action taken by the Chairman shall be reported by him as soon as may be to the appropriate Committee or the corporation as the case may be.

The Managing Directors:

The Managing Directors may with the approval of the Chairman and with prior sanction of the corporation or any committee of the corporation, delegate to officers or employees the powers, authorities and discretions necessary for efficient conduct of the business of the corporation.

The Managing Directors and the Executive Directors at the central office are empowered to institute, conduct, defend and represent the corporation, delegate to offices or employees the powers, authorities and discretions necessary for efficient conduct of the
business of the corporation. The regulations have laid down the territorial limits of the zones, required to be established under Section 18 of the Act, and empower the Zonal Managers to represent the corporation in all suits, appeals etc. and to execute and sign all appearances, vakalatnamas, pleadings, petitions, applications, etc. for and on behalf of the corporation.

The Zonal Managers are authorized to delegate any of the said authorities to officers in the different offices in their respective zones.

Organizational Set-Up of the Life Insurance Corporation of India
(As on March 31, 2002)

Central Office

Zonal Office (7)  Foreign Office

Divisional Office (100)

Branch Offices (2048)

Fiji  Mauritius  U.K.  Nepal

Kenya  SriLanka  Myanmar
The central office has the following departments:

1. Marketing Including Customer Service
2. Finance and Accounts
3. Investment
4. Human Resources Development
5. Vigilance
6. Internal Audit & Inspection
7. Legal and Housing Property Finance
8. Engineering Servicing
9. Estate and office services
10. Actuarial
11. Management services
12. Pension and Group Schemes
13. Long Range Planning
14. Public Relations and publicity
Various Plans of LIC:

There are many popular plans of LIC's given as follows:

**SOME OF LIC’S POPULAR PLANS**

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