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CHAPTER – IV

INTRODUCTION OF LIC IN INDIA

The life insurance corporation of India, over the years, has emerged from being just a life insurance organization into what can be termed as multidimensional organization today with forays into mutual funds, housing finance as well as international market. All the subsidiaries of LIC have emerged as independent and strong and entities, giving ample proof of LIC’s growing managerial capabilities in the financial sector. LIC registered a mammoth all round growth and is a giant in life insurance business with its diversified products. LIC is present throughout the country.

The slogan of LIC is "Yogakshemam Vahamyaham" which translates from Sanskrit to "Your welfare is our responsibility". The slogan is derived from the Ancient Hindu text, the Bhagavad Gita's 9th Chapter, 22nd verse. The literal translation from Sanskrit to English is "I carry what you require". The slogan can be seen in the logo and is written in Devanagiri script below the hands holding the lamp.

Organisational set up of LIC is having different functional divisional units with the ultimate aim of providing effective services to the customers of the insurance products. The insurance business of LIC is concerned with the functions of marketing of insurance products and its related functions like premium collections and premium fixings, accepting the insurance proposals, issuing policy documents, maintain records relating to the policies issued everyday in chronological order, and also payment of claims.
4.1 **History & Growth of Life Insurance Corporation of India**

Life Insurance Corporation (LIC) has been established by an Act of Parliament which received the assent of the president on 18th June 1956. The Act came into force on 1st July 1956 and the corporation began to function w.e.f 1st September 1956. Since that day the corporation is having the exclusive privilege of carrying of Life Insurance business principles. The Corporation has been fully carrying out the assigned to it & justifying the confidence of the public by offering absolute security, better policy conditions, cheaper rates, dependable service, economic management & favorable returns to the nation at large. The performance of LIC has been exemplary and it has been growing from strength to strength be it customer base, agency network, branch office network, and the like. LIC has played a significant role in spreading life insurance among the masses and mobilization of people’s money for people’s welfare. Even after the entry of private insurers for almost a decade now, LIC continues to be the frontrunner in the industry in terms of market share.

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. The Swadeshi movement of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Cooperative Assurance at Lahore were established in 1906. Prior to 1912 India had no legislation to regulate insurance business. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary that the premium rate tables and periodical valuations of companies should be certified by an actuary.
The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as `22.44 Crore, it rose to 176 companies with total business-in-force as `298 Crore in 1938. The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business. The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were operating in India at the time of nationalization. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill. The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. To expand the operations, re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organisation servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 Crore mark of
new business. But with re-organisation happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 Crore Sum Assured on new policies.

Today LIC functions with 2048 fully computerized branch offices, 113 Divisional offices, 8 Zonal offices, 1202 Satellite Offices and the corporate office. It has more than 1.19 lakh employees and 12.78 lakh agents. LIC’s Wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC’s ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line Kiosks and IVRS, Info Centres have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. With a vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The satellite offices are smaller, leaner and closer to the customer. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future. Besides life insurance, through its various subsidiaries, it is involved in providing various financial services viz. Pension (LIC Pension Fund Ltd.), Housing Finance (LIC HFL Ltd), Mutual Fund (LIC Nomura MF), Credit cards (LIC Card Services Ltd), Financial Products distribution (LIC HFL Financial Services Ltd), LIC HFL Care Homes Ltd. And LIC HFL AMC Ltd. It also provides insurance services in several countries abroad through branch offices, JVs and a wholly owned subsidiary.

The corporation also transects business abroad and has offices in Fiji, Mauritius and United Kingdom. LIC is associated with joint ventures abroad in the field of insurance, namely, Ken-India assurance company limited, Nairobi; united oriental Assurance Company limited, Kuala Lumpur, & life insurance corporation (international), E.C. Bahrain. It has also entered into an agreement
with the sun life (UK) for marketing unit linked life insurance and pension policies in U.K.

LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. Life Insurance funds grew to 2,52,919 crore in 2010-11 compared to 2,24,487 crore. In Gross Financial Savings, the share grew from 22.6% in 2009-10 to 24.2% in 2010-11. The share of life funds of LIC and Private insurers rose to 23.8% of Gross Financial Savings in 2010-11 as against 22% in 2009-10. At current prices, the amounts were 2,47,993 crore in 2010-11 compared to 2,17,973 crore in 2009-10. Life insurance funds were 3.7% of GDP at factor cost in 2009-10. This was an improvement over 2008-09 when the percentage was 3.3%. Total First Year Premium of life insurers including Group Business grew by 15.1% in 2010-11 to 1,25,826 crore from 1,09,290 crore in 2009-10. From 59.3% in the first half of the year, the growth moderated sharply in the second half of the year. There was negative variation of 9.5% in the number of new insurance policies sold by life insurers in 2010-11 as compared to 2009-10. The number of new life insurance policies sold by life insurers in 2010-11 came down to 4,81,51,884 from 5,32,24,435 in 2009-10. The market share of Life Insurance Corporation of India improved to 68.7% in 2010-11 from 64.9% in 2009-10 in First Year Premium. On the basis of policies too, the market share improved to 76.9% in 2010-11 from 73% in 2009-10.

From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. The same motives which inspired our forefathers to bring insurance into existence in this country inspire us at LIC to take this message of protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.
Some of the important milestones in the life insurance business in India are:

1818: Oriental Life Insurance Company, the first life insurance company on Indian soil started functioning.

1870: Bombay Mutual Life Assurance Society, the first Indian life insurance company started its business.

1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses.

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.

1956: 245 Indian and foreign insurers and provident societies are taken over by the central government and nationalized. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of ` 5 crore from the Government of India.

4.2 Objectives of Nationalization of LIC

The nationalization of Life Insurance aims at widening the channels of public savings and is an important step towards mobilizing these savings more effectively than hereto, & to finance the National plans. Nationalized insurance, in brief, is designed to bring to the door of even the humblest citizen, wherever he may be, the benefits of this social service, to ensure complete security of the funds collected by way of premium & to utilize profitably such funds for nation-building activities.

The Government of India took the decision to nationalize the life insurance business in India and an ordinance was promulgated on 19th January, 1956.
taking the management and control of all 245 existing insurance companies. The nationalization in 1956 outlined the following objectives of LIC:

“*To conduct the business with the utmost economy with the spirit of trusteeship; to charge premium no higher than warranted by strict actuarial considerations; To invest the funds for obtaining maximum yield for the policyholders consistent with safety of capital; To render prompt and efficient service to policyholders thereby making insurance widely popular.*”

**The objectives of LIC are as under:**

a) Spread life insurance much more widely and in particular to rural areas & to the socially & economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost,

b) Maximize mobilization of people’s saving by making insurance-linked savings adequately attractive,

c) Bear in mind, in the investment of funds, the primary obligation to its policyholders, whose money it holds and 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,

d) Conduct business with utmost economy and with the full realization that the money belong to the policyholders,

e) Act as trustees of insured public in their individual and collective capacities,

f) Meet the various life insurance needs of the community that would arise in the changing social and economic environment,

g) 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,

h) Regulate the insurance business on scientific basis,

i) Avoid wasteful efforts in competition,
j) Promote amongst all agents & employees of the corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of corporate objective,
k) Avoid mal-practices being adopted by the management of some companies before nationalization, misuse of powers, their positions, etc.

4.3 Organisation, Structure & Working of LIC

The Corporation Central office is located at Bombay. The organization structure of LIC is divided into eight zones. There are 8 Zonal offices one each at Mumbai, Kolkata, Delhi, Kanpur, Hyderabad, Chennai, Patna & Bhopal.

*The names of different zonal offices along with their headquarters are as under:*

<table>
<thead>
<tr>
<th>S.no.</th>
<th>Name of zonal office</th>
<th>Head quarters is situated at</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central Zone</td>
<td>Bhopal</td>
</tr>
<tr>
<td>2</td>
<td>North central Zone</td>
<td>Kanpur</td>
</tr>
<tr>
<td>3</td>
<td>Eastern Zone</td>
<td>Kolkatta</td>
</tr>
<tr>
<td>4</td>
<td>Northern Zone</td>
<td>Delhi</td>
</tr>
<tr>
<td>5</td>
<td>South-central Zone</td>
<td>Hyderabad</td>
</tr>
<tr>
<td>6</td>
<td>Southern Zone</td>
<td>Chennai</td>
</tr>
<tr>
<td>7</td>
<td>Western Zone</td>
<td>Mumbai</td>
</tr>
<tr>
<td>8</td>
<td>East Central Zone</td>
<td>Patna</td>
</tr>
</tbody>
</table>

A zonal manager, who coordinates operational activities of 15 to 16 divisional offices of LIC, heads each zone. Divisional Offices monitor and control the operations. Each divisional office is given the responsibility of controlling the operations of approximately 20 branch offices. A branch office is the smallest business unit of LIC as far its operation is concerned. The Regional managers assist the zonal managers. The Zonal offices are again divided into different Divisional offices with delegation of certain power in decision-making &
specified targets for operational efficiency and effectiveness. Branch Offices procure business and are responsible for all customer interface transactions. Satellite offices also procure business and are responsible for immediate customer services required. Every zone is given certain pre specified target, which are further redistributed to various divisions under the zone. The targets are specified in terms of numbers of new policy, sum insured, first premium income and percentage of claim settled. The performance of divisional managers, development officers and agents are also worked out on the basis of above-mentioned parameters. LIC is also having one central management development institute at Mumbai and various divisional and branch training institute for training of its officers & staff to cope with the challenges after opening up of the market.

Figure 4.1

ORGANISATIONAL STRUCTURE of LIC

![Organisational Structure Diagram]

- CENTRAL OFFICE
  - Mumbai

- 8 ZONAL OFFICES
  - Bhopal, Chennai, Hyderabad, Kanpur, Kolkata, Mumbai, New Delhi, Patna

- FOREIGN OFFICES
  - United Kingdom, Mauritius, Fiji

- 113 DIVISIONAL OFFICES

- 2048 BRANCH OFFICES

- 1202 SATELLITE OFFICES
The board of LIC sits in the Mumbai & takes the strategic & policy matter decisions. The board is assisted by eleven nos. of executive directors taken from the related field of operation. At present the Corporation has 111 divisional offices, and over 2048 Computerised Branch Offices, 54 Customer Zones, 25 Metro Area Service Hubs and 1123 Satellite offices(SOs) located in different cities and towns of India and has a network of 13,37,064 individual agents, 242 Corporate Agents, 79 Referral Agents, 98 Brokers and 42 Banks (as on 31.3.2011) for soliciting life insurance business from the public. In addition, there are Branch Offices in Mauritius (Port Lois), Fiji (Suva & Lautoka) & united Kingdom (Wembley), in territories outside India. Today, most of functions, nearly 90%, related to the marketing and other related activities of the insurance consumers are dealt and handled at the branch level. The branch office, depending upon its business, is headed by a manager and each function of insurance business like marketing, underwriting of policies, accounts, claims payments, staff and administration matters are identified as departments of the branch office with responsible officials such as Administration and Accounts Officers (AAO).

The managerial decisions are based on the information supplied by the AAO, the functional head at root level. All the functions of claims will be settled at the branch level. The AAO of life insurance business will deal with maturity and death claims. If the branch is smaller, all the types of claims will be dealt by one AAO and if the branch is bigger with good number of claims, they will be settled by, separate officials. At branch level, these officials have to maintain cordial relations and establish a system of sharing information with the other departments, relating to the policy documents, payment of premium and using the staff or the agents for the settlement of claims disputes. The branches maintain records relating to the claims payment and claims rejections. They
will submit the reports to the Zonal Officer, who in turn will forward it to the Head Office or Corporate Office.

The branches report to their respective divisional office. If any branch gets a claim and there is a problem in identifying the correct claimant among the claimants, or otherwise, a dispute of risk crops up, which will be forwarded to the divisional office with its comments. The divisional office after receiving the papers, verifies them, applies legal knowledge and skills, or seeks advice from skilled persons and tries to solve the problems. The divisional office is responsible to settle the claims referred by the branch office and also report the same to the zonal office, which in turn will consolidate the data and submit the same as required by the statute or otherwise under any law to the government. The government will put the same for the approval of the both the houses.

At the division office level, the claims department generally deals with the claims, which are pending with the branches because of some disputes, or some claims which are of high value. The investment portfolio and establishment and maintenance of reserves for the purpose of claims payment or otherwise required under the law is the important function of the central office. The delegation of duties to each unit with well-defined limitations, responsibilities and decision making are all related to the organizational structure and management. The organizational structure of the LIC is most flexible and decided, based on the above said factors.
Fig. 4.2 ORGANISATION OF DIVISIONAL OFFICE IN LIC OF INDIA

- **B & AC**
  - Bancassurance
  - Alternate Channels of Distribution

- **Claims**
  - Death Claims processing
  - Consolidation of data

- **CRM**
  - Customer Relations

- **F & A**
  - Divisional Office Accounts
  - Consolidation of Accounts
  - Surplus Fund Transfer

- **Info. Tech.**
  - Data Processing
  - Technological Upgradation
  - Record Maintenance

- **NB**
  - Underwriting
  - Actuarial studies
  - Valuation

- **Marketing**
  - All jobs related with Marketing
  - Sales/ Publicity Matters
  - dealing with Agents/ DO

- **Legal & HPF**
  - Legal Matters
  - Mortgages
  - Housing and Property
  - Finance Schemes

- **OS/Estate**
  - Office Services: Furniture,
  - Stationery, Printing
  - Salary, Office Equipments, Estates

- **P & GS**
  - Pension and Group Schemes
  - Group Gratuity- Govt.
  - Sponsored Schemes

- **PS/SSS**
  - Policy Servicing
  - Loans/Surrenders without
dockets
  - Transfer in/out of policies
  - Loan Schedule consolidation

**DIVISIONAL MANAGER (I/C)**
Fig. 4.3 **ORGANISATION OF BRANCH OFFICE IN LIC OF INDIA**

- **Chief Manager/Sr/Branch Manager (I/C)**
  - **F & A**
    - Cash Receipts/Payments
    - Banking
    - General Accounts
    - Preparation of Trial Balance
  - **IT**
    - Computer Operations
    - Computer Support to other Departments
  - **NB**
    - Underwriting
    - Policy issue and other related functions
    - Valuation
  - **OM**
    - Office upkeep -- Furniture & Stationery, Salary, Leave records
    - Employee records, Employee matters
  - **Claims**
    - Survival Benefit/Maturity Claims
    - Death Claims
  - **DTC**
    - Divisional Training Centre
    - Training of Employees
    - Field Personnel
  - **Micro Insurance**
    - Micro Insurance
  - **EDMS**
    - Enterprise Document Management
  - **P & MR**
    - Planning
    - Market Research
  - **P & IR**
    - Industrial Relations
    - Career Planning
    - Employee training
IVRS is operating at 64 cities throughout India operating 24x7 providing information to its customers. Out of these, 44 have been modified into info-centers and have been equipped with staff that dedicatedly attend to phone-in customers and work in two shifts. Any customer can contact IVRS / Info-centre by dialing Universal Access Number (UAN) 1251. LIC has also diversified its activities in LIC Housing Finance Limited, LIC Nomura Mutual Fund Asset Management Company Ltd., LIC Pension Fund Ltd. & LIC Card Services Ltd. LIC of India is one of India’s leading financial institutions, offering complete financial solutions that encompass every sphere of life. From commercial
banking to stock broking to mutual funds to life insurance to investment banking, the group caters to the financials needs of individuals and corporate. The LIC has a net of over ₹67135.31 crore & market share of 70.67% whereas other private companies share is 29.33% having turnover of 27864.73 crore in 2010-11 with a customer base of over 22 crore. LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records.

Chart No. 4.1

LIC Operate All Over India

Corporate Office: MUMBAI
Zonal Offices: 8
Divisional Offices: 111
Branch Offices: 2046
Agents: 1337064
LIC conducts following functions:

a) To carry on life insurance business, whether in or outside India;

b) To carry on capital redemption business, annuity certain business or re-insurance business, appertains to life insurance business.

c) Subject to the rules, if any, made by the central govt. in this behalf, 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.

d) To acquire, hold and dispose of any property for the purpose of its business.

e) 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 interest of the corporation it is expedient to do so.

f) To advance or lend money upon the security of any movable or immovable property.

g) To borrow or raise any money in such manner & upon such security as the Corporation may think fit.

h) 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.

i) 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.

j) To do all such things as may be incidental or conducive to the proper exercise of any of the powers of the corporation.
4.4 Missions & Vision Of LIC

3.4.1 Vision

“A trans-nationally competitive financial conglomerate of significance to societies and pride of India”.

3.4.2 Mission

Explore and enhance the quality of life of people through financial security by providing products and services of aspired attributes with competitive returns, and by rendering resources for economic development.

4.5 Values, culture and challenges LIC

<table>
<thead>
<tr>
<th>Values</th>
<th>Culture</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caring &amp; Courtesy</td>
<td>Agility</td>
<td>Multiple-operators</td>
</tr>
<tr>
<td>Initiative &amp; Innovative</td>
<td>Adaptability</td>
<td>Options for customers</td>
</tr>
<tr>
<td>Integrity &amp; Transparency</td>
<td>Collaboration</td>
<td>Internationalization of market environment</td>
</tr>
<tr>
<td>Quality &amp; Returns</td>
<td>Commitment</td>
<td>Movement towards virtual financial institutions</td>
</tr>
<tr>
<td>Participation &amp; Relationship</td>
<td>Discipline</td>
<td>Transition to regulatory regime</td>
</tr>
<tr>
<td>Trust Worthiness &amp; Reliability</td>
<td>Empowerment</td>
<td>Sensitivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Excellence</td>
</tr>
</tbody>
</table>
4.6 Board of Directors

The names of present board of directors & executive director are as under:

A. Ex-Officio Members on the Board of the Corporation

- Mr. A.K. Shukla (Chairman)
- Mr. K. Sridhar (Managing Director - LIC)
- Mr. T.S. Vijayan (Managing Director - LIC)
- Mr. D.K. Mehrotra (Managing Director - LIC)

B. Non-Official Members on the Board of the Corporation

- Shri V.P. Shetty (Chairman, IDBI)
- Shri R.K. Joshi (Chairman cum Managing Director, GIC.)
- Shri Amitav Kothari (Chartered Accountant)
- Shri Sunil Kant Munjal (MD & CEO, Hero Corporate Services Ltd.)
- Dr. Arvind Virmani (Director & CEO Indian Council for Research on International Economic Relations.)
- Dr. A. Jayagovind (Director, National Law School of India.)
- Smt. Pushpa Girimaji (Social Activist.)
- Dr. (Ms.) Swati Piramal (Director, Nicholas Piramal Ltd.)
- Dr. Gautam Barua (Director, IIT, Guwahati.)

Board meeting is held at least once in a quarter. In addition to the policy matters, board provides to the management, guidance & directions for growth, excellence & corporate governance etc. in order to implement the corporate policies, guidelines & suggestions. The board has formed an executive committee, an Investment Committee, a buildings advisory Committee, and an Audit Committee. Regular meetings of these committees are held on the basis of the agenda prepared for the meeting.
The corporation appoints nominee Directors on the Boards of the companies where it has substantial stake by way of debt & equity. Nominee directors provide prompt feedback to the corporation on all important matters discussed at the Board meetings/other related committee meetings or any other issue which deserves attention of the corporation. They also interact with the investment department as and when necessary, seeking guidance on important matters coming up to the board for discussions. Points of concern raised by nominee directors in their reports are taken up with the company jointly with other institutions if required. The Nominee directors, however, are appointed as non-executive directors and are not connected with day to day operational matters.

In order to implement the Corporate policies, guidelines and suggestions, the Board of Directors has formed an Executive Committee, Investment Committee, Building Advisory Committee, Audit Committee, Policyholder Protection Committee, Risk Management Committee & Asset Liability Management Committee. Regular meetings of these are held on the basis of the agenda prepared for the meeting. In addition to policy matters, Board provides to the Management guidance and directions for Growth, Excellence and Corporate Governance.

4.7 **LIC in Foreign Operations**

*LIC is not operating in India but also in Foreign Overseas Operations* the Corporation directly operates through its branch offices in Mauritius (Port Louis), Fiji (Suva & Lautoka) and United Kingdom (Wembley). During the year 2010-2011 these three foreign branches together issued 13,925 policies and first premium income of 30.96 crore. LIC is also proposing to establish a wholly owned subsidiary representative office at Singapore.
4.7.1 LIC (International) B.S.C. (C) Bahrain

It is a Joint Venture Offshore Company, promoted by Life Insurance Corporation of India. LIC of India, started its first international venture by forming an offshore company in Bahrain, in the year 1989 with its joint venture partner M/S.Intercol. LIC has Foreign Joint Venture Companies at LIC(International) B.S.C.(C), Bahrain established in Bahrain in 1989 as a joint venture company which caters to the life insurance needs of NRIs and local population in the Gulf by issuing policies in US Dollars. The company operates in 5 GCC countries of Bahrain, Kuwait, UAE, Qatar and Oman. For the year ended 31.12.2010, the company recorded a Net Premium of about 503 crore.

Life insurance Corporation (international) E.C was established in July, 1989 at Bahrain with the following broad objectives:

1) To cater to the insurance needs of expatriate Indians in the gulf by issuing insurance policies in U.S. dollars.

2) To provide insurance services to holders of Indian register policies of LIC Of India Currently residing in the gulf.

3) To help non-resident Indians to have their own home back home through loans from LIC housing finance limited.

The company is presently marketing the following plans:

- Participating Endowment plan (PEN)
- Premium Back Term (PBT)
- Reducing premium plan (RPP)
- Double cover endowment (DCE)
- Participating marriage/ education policy (PME/PMEFT)
- Participating Whole life Plan (limited payment) (PWLL)
- Protect Your Child (PYC)
- Cash Back Plan (CB)
- Cash and Added Cover (CC)
- Convertible Whole Life Plan (CWLP)
- Double Cover Joint Life Plan (DJL)
(a) Chief Agent : M/s. International Agencies Co. Ltd., (Intercol), BAHRAIN
From modest beginnings in 1957 representing a single shipping company, Intercol is today a well-diversified, 100%-Bahraini-owned company representing over 200 leading corporations. Throughout its history, the company has been a major participant in Bahrain’s ever-growing economy. Built on firm foundations, good customer relations, constant attention to detail and the professionalism of its well-trained and qualified workforce, Intercol continues to ensure it keeps abreast of the needs and demands of the Kingdom and its people through the introduction of new products, processes and advanced technologies. To enhance the confidence of principals and customers alike, Intercol became the first company of its kind in Bahrain to attain ISO 9001:2000 certification company-wide and ISO 14001: 1996 accreditation in recognition to the environmental, health and safety standards adhered to. Today, Intercol remains dynamic and forward-looking, pursuing a policy of controlled growth by ensuring continued focus on the products and services of principals and the demands of customers, ongoing diversification and expansion of the business outside Bahrain into regional markets.

(b) Chief Agent : Kingstar Insurance Agencies LLC, DUBAI
LIC(International) started its operations in UAE, in the year 2000 through its Chief Agent Kingstar Insurance Agencies for Marketing of its products. The servicing of the Policies was handled in Bahrain. Later in the year 2005 LIC(International) , obtained the Branch Office license from the Government of UAE and started full fledged Branch office operation, and all the servicing of policies is shifted to Dubai. In the year 2006, Kingstar started its operations in Abu Dhabi also.

(c) Chief Agent: M/S. Warba Insurance Co. SAK, KUWAIT
LIC(International) started its activities in Kuwait in the year 1996 through its
chief agent M/S.Warba Insurance Co.SAK, later in the year 2006, expanded by opening the marketing office of M/S.Warba Insurance Co.SAK, at Fahaheel.

(d) **Chief Agent : M/S.Al Hamidi Contracting Est.Co, Saudi**

This is the first territory outside Bahrain, where LIC(International) Started its operations. In the year 1990 through the Chief Agent M/S.Al Hamidi Contracting Est.Co started its activities in Riyadh, subsequently through the Branches of its Chief Agent, it spread across the Kingdom of Saudi Arabia, as on date, it has 10 marketing offices in KSA.

(e) **Chief Agent : M/S.Gulf Insurance Agencies Co.LLC , OMAN**

The First Branch of LIC(International) was opened in Muscat, Oman in the year 2004 through its Chief Agent M/S.Gulf Insurance Agencies Co.LLC

(f) **Chief Agent : M/S. Investec Investment Services Co. W.L.L., QATAR**

In Qatar, LIC(International) having its operations through the broker M/s. Investec Investment Services Co. W.L.L. since 2002

4.7.2 **Life Insurance Corporation (Nepal) Ltd.**

LIC (Nepal) Ltd., a joint venture company between LIC of India and M/S Vishal Group of companies in the Republic of Nepal was established on 03.12.2001. It is a listed company whose shares are traded on the Nepal Stock Exchange. The company made its first public issue which was oversubscribed by more than 16 times which is a testimony to the efficient way the operations have commenced as also to the brand image of LIC in the kingdom. Its achievement to annual business target was 139.9% in the no. of policies, 114.6% in Sum Assured & 105% in FP Income. The company also sold 1455 Group Term Insurance policies for a total Sum Assured of ．25.07 Crore & a First Premium income of ．9.48 Lakh. For the Financial year ending 15.07.2010, the company recorded a Net Premium of about 97 crore.
4.7.3 Life Insurance Corporation (Lanka) Ltd.
LIC (Lanka) Ltd, a joint venture company between LIC of India and M/S Bartleet Transcapital Ltd. was established on 01.03.2003. For the year ended December’ 2010, the company recorded a Net Premium of about `10 crore.

4.7.4 Kenindia Assurance Co. Ltd.
Kenindia Assurance Co. Ltd., a joint venture company between LIC of India, GIC and others was established on 06.12.1978 in Kenya. The company transacts both life and non-life business. For the year ended 31.12.2010, the company recorded a Net Premium of about `141 crore.

4.7.5 Saudi Indian Company for Co-operative Insurance
Saudi Indian Company for Co-operative Insurance (SICCI) is a joint venture company between LIC of India, LIC (International) B.S.C. (c), Bahrain, New India Assurance Company Limited, Al-Hokair Group and public from Saudi Arabia where LIC of India & LIC (International) hold 10.2% share each. The company began its life operations in January, 2009. The company made its first public issue which was oversubscribed by more than 16 times which is a testimony to the efficient way the operations have commenced as also to the brand image of LIC in the kingdom. For the year ended 31.12.2010, the company recorded a net premium of about `50 crore.

Present position of LIC in Foreign Operations:
a) LIC Foreign Units collectively procured a First Premium Income (FPI) of around ` . 349 Crores in the 12 months’ period of each unit ended during 2011-12, thereby registering a growth of 15.69%.
b) The Total Net Premium Income (TPI) of our units was around ` .1,247 Crores during the same period in 2011-12 registering a growth of 28.2%.
c) LIC (International) B.S.C. (c), Bahrain and LIC Fiji are market leaders in their respective geographies.

Table No.4.3 **Operational highlight of LIC in Foreign Operations**

(Amount in ` Crore)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>LIC (Int.) EC, Bahrain</th>
<th>LIC (Nepal Ltd.)</th>
<th>LIC (Lanka) Ltd.</th>
<th>Kenindia Assurance Company</th>
<th>LIC (Saudi Arabia) Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporated in</td>
<td>Bahrain</td>
<td>Nepal</td>
<td>Sri Lanka</td>
<td>Kenya</td>
<td>Saudi</td>
</tr>
<tr>
<td>Proportion of Holding Company</td>
<td>97.80%</td>
<td>55%</td>
<td>75%</td>
<td>10%</td>
<td>10.20%</td>
</tr>
<tr>
<td>Assets</td>
<td>343744.68</td>
<td>18546.31</td>
<td>2935.91</td>
<td>7896.23</td>
<td>1759.65</td>
</tr>
<tr>
<td>Liabilities</td>
<td>285923.50</td>
<td>911.46</td>
<td>1952.59</td>
<td>6887.25</td>
<td>1174.19</td>
</tr>
<tr>
<td>Income</td>
<td>78478.71</td>
<td>6531.58</td>
<td>1291.51</td>
<td>3786.85</td>
<td>543.57</td>
</tr>
<tr>
<td>Expenses</td>
<td>66234.29</td>
<td>1724.34</td>
<td>732.31</td>
<td>2711.47</td>
<td>577.19</td>
</tr>
</tbody>
</table>

(Source: Chairman Review)