CHAPTER III

Profile of The Life Insurance Corporation of India
CHAPTER III

PROFILE OF THE LIFE INSURANCE
CORPORATION OF INDIA

INTRODUCTION

Prior to independence, financing institutions were either apathetic or were not
in a position to provide long-term finance for the economic development of the
country. Hence, the Government of India set-up a number of financial institutions
such as Industrial Finance Corporation, State Finance Corporations, Industrial Credit
and Investment Corporation of India, Unit Trust of India, Industrial Development
Bank of India, National Small Industries Corporation, Life Insurance Corporation of
India, etc., to provide short and long-term finances to agriculture, industries and other
undertakings. Among the financial institutions, Life Insurance Corporation of India
(LIC), is playing an important role in the promotion of economic growth of the
country. The corporation was established with a view to spread the gospel of life
insurance to every part of India in order to encourage the habit of thrift among the
people and help them to provide against the rainy day and to enhance the resources at
the disposal of the Government for economic development of the country. Besides,
life insurance would be available to every corner of the country and savings of the
people would be mobilised for nation building activities. Life Insurance Corporation
is one of the major state undertakings in India. Its objectives are to serve the

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individual as well as the state. The profit motive goes out of it and the service motive becomes much more dominant\(^2\).

**FORMATION**

Life Insurance business in India was nationalised and its management was taken over by the Central Government on September 1, 1956. By an act of parliament, Life Insurance Corporation (LIC) was formed with a capital contribution of Rs.5 crores from the Government of India\(^3\). The corporation is a body corporate having perpetual succession and a common seal with powers to acquire, hold and dispose off property and may by its name sue and be sued. The corporation is charged with the main duty to carry on life insurance business\(^4\). Today, life insurance is almost entirely in the hands of the LIC. The Post and Telegraph Department conducts some business in this area for its employees, but the volume of that business in relation to that of LIC, is negligible and declining\(^5\).

LIC is more than 40 years old. With more than only lakh employees, 2000 odd branch offices, over 5 lakh active agents and more than 90,000 crores of rupees of investible funds, it is a big part of the nation’s financial life\(^6\).

**ORGANISATIONAL STRUCTURE**

The organisational set-up of the Life Insurance Corporation of India is subject to frequent review and examination by various committees appointed by the

\(^3\) Economic and Political Weekly, July 31, 1999, p.2174.
parliament. The Administrative Reforms Commission examined the organisation in detail in 1968. On the basis of the recommendations of this commission, the corporation modified its organisation.

The corporation consists of a Central office, Zonal Offices, Divisional Offices and Branch offices. The central office is located at Mumbai. There are seven Zonal Offices, one each at Mumbai, Calcutta, New Delhi, Kanpur, Bhopal, Chennai and Hyderabad. At present the corporation has 100 Divisional Offices and 2048 Branch Offices in India. Besides, it has offices at London, Fiji and Mauritius outside India.

The zone-wise figures of Divisional and Branch Offices are shown in the following Table 3.1

### TABLE 3.1
ZONAL OFFICES OF LIC
(Number of Offices in India)

<table>
<thead>
<tr>
<th>ZONE</th>
<th>DIVISIONAL OFFICES</th>
<th>BRANCH OFFICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>7</td>
<td>140</td>
</tr>
<tr>
<td>North Central</td>
<td>11</td>
<td>247</td>
</tr>
<tr>
<td>Eastern</td>
<td>18</td>
<td>363</td>
</tr>
<tr>
<td>Northern</td>
<td>15</td>
<td>320</td>
</tr>
<tr>
<td>South Central</td>
<td>16</td>
<td>314</td>
</tr>
<tr>
<td>Southern</td>
<td>12</td>
<td>261</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>2048</strong></td>
</tr>
</tbody>
</table>

Source: Annual Report of LIC.

The Organisational Structure of the LIC is presented in Chart -1.
CHART 1

ORGANISATIONAL STRUCTURE OF THE LIC

LIFE INSURANCE OF CORPORATION OF INDIA


CENTRAL OFFICE (MUMBAI)

ZONAL OFFICES

CENTRAL
NORTH - CENTRAL
BHOBAL
KANPUR
EASTERN
CALCUTTA
NORTHERN
NEW DELHI
SOUTH - CENTRAL
HYDERABAD
SOUTHERN
CHENNAI
WESTERN
MUMBAI

SOUTHERN ZONE

DIVISIONAL OFFICES

MADRAS
COIMBATORE
ERNAKULAM
KOTTAYAM
KOZHIKODE

MADURAI
SALEM
THANJAVUR
TIRUVANANTHA PURAM
TIRUNELVELI

VELLORE

MADRAS DIVISION
(MAY 1993)

DIVISION - I
21 BRANCHES

DIVISION - II
21 BRANCHES
THE HEAD OFFICE (CENTRAL OFFICE)

The corporation's central office is located at Mumbai. The central office is concerned with policy making such as union negotiations, wage fixation and revision of the employees, terms and conditions for remuneration of agency force, formation and modification of staff regulations, recruitment and training of officers, management of investible funds, valuation of assets and liabilities, declaration of bonus to policyholders, fixation, revision and updating of premium rates, updating of policy conditions and introduction of new price policy of insurance etc. At present LIC has three branches in foreign countries. They are governed by the central office. The central office has the duty to convene by providing guidelines to zonal offices. This is done by way of the various departments in the central office. They are:

1. Marketing including sales, planning, policyholders servicing.
2. Reliability and public relation.
3. Finance and Accounts.
4. Inventory.
5. Human resources development and industrial relations.
6. Vigilance.
7. Internal audit and inspection.
8. Legal and house property finance.
10. Foreign operation cell.
It is the central office or head office that gives direction and provides guidelines to divisional office on all matters of importance. Central office keeps in liaison with the Central Government and various State Governments and other Financial Institutions.

ZONAL OFFICES

The LIC has established seven Zonal offices each one at Mumbai, Calcutta, New Delhi, Kanpur, Bhopal, Hyderabad and Chennai. The supervision and directions of affairs and business of each zonal office is entrusted to the senior officer known as “Zonal Manager” who performs all such functions as one or may by delegated to him with respect to his zone. For each zone, the corporation has constituted zonal advisory board, whose function is to discuss various important issues in insurance. The chairman of the corporation is the chairman of all these advisory boards. Zonal manager is also a member of this board by virtue of his office. The Zonal office is also entrusted with the job of advertising and publishing of life insurance products within the zonal area.

DIVISIONAL OFFICES

Divisional offices work under the broad framework of the policies laid down by the central office and under the guidance and supervision of the zonal office.

On the recommendations of the Era Chezhian Committee which submitted its report on 30th August, 1980 and on the suggestions of prof.Iswal Dayal, an eminent management consultant, appointed by the corporation to go into the organizational improvements in life insurance industry, the corporation has effected some
improvements in the structure and functions of the divisional offices and branch offices.

The Divisional Offices will be primarily responsible for controlling and guiding the branches without assuming any operating functions in any area except in legal and mortgages. It will be an office of support, service and guidance to the branches. It will supervise the functioning of the branches and enable it to perform by providing support services like physical and human resources, their training etc.,

The present functions of the Divisional Offices are as under:

1. Development of organisation, new business planning and direction in the matter of new business development.

2. Underwriting of new business and issue of policies.

3. Policyholders servicing to the extent that it is not decentralized to the branch office.


5. Sanction of Loans under various mortgage loan schemes

6. Personnel matters such as promotion, posting, transfers etc., of class II, III and class of IV employees.

7. Exercising supervision and control over the working of branch offices and sub-offices in their jurisdiction.

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BRANCH OFFICES

The Branch Office of the corporation is the main operating office in the sense that is the only office where sales (of life insurance) are made and service given. Each branch is given a specific area of operation and is expected to strictly adhere to the territorial limits for business procurement. New business is brought in by licensed agent who are of different kinds – career agents, direct agents, and agents working through development officer. Career Agents are paid a stipend for three years and they are given intensive training in the office and their work is supervised by the Branch Manager or Assistant Branch Manager (sales).

Direct Agents are directly working under the Assistant Branch Manager (sales). The third category of agents is recruited by Development Officers.

The Development Officer gives them initial training and assistance. The Development Officer is supervised by the Assistant Branch Manager (sales).

MANAGEMENT

The affairs of the corporation are managed by the Board of members not exceeding fifteen in number, appointed entirely by the Central Government. One of the members is appointed as the chairman of the board by the Central Government.

The board meet once in every month. The chairman has got full control and authority to take any decision in the event of any emergency situation arising in the interim period between two meetings of the board.
COMMITTEES

The Life Insurance Corporation Act, 1956 empowers the corporation to entrust the work to its committees. The act specifically provides for the formation of two committees.

1. Executive Committee;

2. Investment Committee;

The corporation is also permitted by the Act to form some other committees as it deems necessary.

1. Executive Committee

This has been entrusted with the general superintendence, direction of the affairs and business of the corporation. The committee is also authorised to exercise all powers and do all such acts and things as it may be delegated by the corporation. The committee consists of five members of the corporation including the chairman and it meets once a month, just before the corporation meets for its regular business matters.

2. Investment Committee

The investment committee has been charged with the responsibility of advising the corporation in all matters concerned with the investment of funds of the corporation. It consists not more than seven members of whom not less than three are members of the corporation and the remaining are persons from other areas of
knowledge. The committee meets frequently and the sittings will be normally at the Central Office.

**REORGANISATION SCHEME OF LIC**

As per the suggestions of Eca-Chezhian Committee, the LIC has adopted reorganization schemes of its divisional and branch offices. At present the reorganisation work has been completed in all the divisions and branches.

**REORGANISED DIVISIONAL OFFICE**

1. **Marketing Department**

   It is responsible for branch performance and is the single point of contact for supervising them. The department is responsible for judging the quality of work done in branches through its sections: sales, policy holder’s service section, sales training section and branch support section.

   (a) **Sales Section**

   It is responsible for carrying out supervisory functions relating to sales and the field-force and customer satisfaction. The major task of the sales managers in charge of the sales section is the supervision of the sales functions at the branches and the performances of the field personnel. This section is also responsible for spreading awareness among the general public about the benefits of life insurance and the nature of cover that LIC’s policies provide and how different policies are designed to meet varying individual needs. This section assesses the quality of business of the various
branches and effectiveness of their plans in penetrating the respective territories and markets assigned.

(b) **Policyholder’s Service Section**

It is responsible for supervising the policyholder servicing function including claims and the operational function of early settlement of claims. It handles matters referred to divisional office by branches in respect to all policyholder’s service functions. It may undertake the training of branch staff and carry out supervisory inspection. This section is primarily concerned with the time liners and the quality of the service rendered by the branches to the policyholder. This section has also to deal with the individual cases referred to by branches. All old claims have to be got investigated and settled by this section.

(c) **Sales Training Section**

This section is entrusted with responsibility for training in product, in selling and sales planning in the field personnel. It arranges and conducts training of field-personnel, such as ABM (D), Development Officers and Agents.

(d) **Branch Support Section**

It is responsible for providing secretarial support to the various sections in the marketing department. It provides administrative support to the sections under the Marketing Manager. This section is responsible for analysis of budget proposals and monthly review of data. They analyse the performance data, raise special issues concerning the performance of branches and generally help the various sections in the marketing department to process work and perform liaison work with other
departments and take up routine functions as assigned to them. They have to undertake general follow up of routine matters with the branches and with other departments of the Divisional Office.

The Marketing Department controls the entire sales and service functions in the divisional area and also services as a single point contract between the branches and the departments of the divisional office.

2. **New Business and Actuarial Department**

New Business and Actuarial Department is responsible as specialists to decide on the proposals referred to the divisional office in respect to all individual, SSS and GSD proposals, Cheque, Delined Life Index Cards and undertake supervisory inspection tasks vis-à-vis branches. They also have the responsibility to train new business incumbents in branches according to their judgement of their capabilities and of their needs. This department is responsible for supervision of branch functions from underwriting to issue of policy, appointment and control of medical examiners etc., It underwrites proposals of higher sum assured, which are beyond the powers of the branches and conducts actuarial valuation and undertakes actuarial research.

3. **Accounts Department**

The Accounts Department is responsible for supervision of accounts in the branches, collection of branch accounts and all the accounting functions in the division, also training of staff and test-checking how well the work in branches is being done. Accounts Department has two sections: (a) Branch Accounts Section has responsibility for supervision of branch accounts, expenses and training of staff. They
analyse the Trial-Balances from branches and recommend suitable action to divisional management, (b) General Accounts Section, which has three units:

(i) Cash and Banking Section;

(ii) Salary and Provident Fund Section; and (iii) Final Accounts Section.

4. Legal and Mortgage Department

The Legal and Mortgage Department has the responsibility for all legal and mortgage loan work in the division. It advises branches when required for mortgage loans and legal matters.

5. Office Management Department

The Office Management Department consists of two divisions: (a) Purchase Section, which has responsibility for purchases, inventory and materials utilisation, and (b) Service Section that consists of security dispatch, duplicating and office services, transportation etc.,

6. Machine Department

It is responsible for the data processing and offers service to user-departments in the Divisional Office and to branches that do not have machine support. It has two sections (a) System Section, which is responsible to oversee the systems and programmes of data-processing machines in branches and division: (b) Operations Section that is responsible for providing machine support to branches that do not have an in-house system, as also to the divisional office.
7. **Personnel Department**

It consists of three sections

(i) **Management Development Section** - This section is responsible for management forecast, management development and carrier planning of staff. It has responsibility to ensure that branches implement the policies laid down in letter and spirit. They carry out periodic personnel audit to ensure that the corporate plans and policies are implemented satisfactorily.

(ii) **Industrial Relations Section** - It is responsible to develop relations with trade unions and to carry out negotiations in matters that relate to the division as a whole.

(iii) **Training Section** - It is responsible for organising programme for supervisors and middle management personnel within the division. This section is also responsible to organise functional programmes according to the needs of various departments in the divisional office.

8. **Planning and Review Department**

The Planning and Review Department has responsibilities in two main areas. One is the operation section with responsibility for locality data suitable for planning, education and developing among concerned people, the understanding of the concepts and their applications, review of performance budget proposals and review of monthly, quarterly or six monthly performance reports. The other is the special studies section with responsibility for undertaking studies that the performance data may indicate or the divisional management may consider necessary.
REORGANISED BRANCH OFFICE

The reorganised branch offices of the LIC have the following sections:

1. Sales Section

This section is responsible for supervision of development officers, agents and for building up the agency force in its jurisdiction. It has to plan and review business performance and take remedial action where necessary. It registers new proposals, settles commission and makes all payments to agents and development officers.

2. New Business Section

This section is responsible for underwriting all new business and issue of new policies. It sends recommendations and obtains approval for business beyond its permissible limits, from higher authority.

3. Policy holder’s Servicing Section, including claims

This section is responsible for total servicing of policies, including loans and claims and to obtain approval from higher authority for matters beyond their sanctioned powers. A separate section for claims and salary saving scheme is created, if the volume of work justifies. It is responsible for providing the required support to all departments. An in-house machine will be provided where size justifies it. In other cases, such support will come from the divisional office.

4. Office Service Section

It is responsible for establishment and personnel matters in the branch.
5. **Accounts Section**

This section is responsible for cash and banking, preparation of trial balance of the branch, reconciliation of various accounts and issue and control of premium receipts.

**BRANCH MANAGEMENT COMMITTEE**

This committee consists of the Branch Manager and all the heads of sections and has higher financial powers. The members of the Branch Management Committee are Section Heads, Higher Grade Assistants, Superintendents, Assistant Administrative Officers or Administrative Officers. The Committee has also been vested with the financial authority beyond the power of the officer incharge of the branch in the matters relating to underwriting and policy-services. The decisions of the management committee on all matters have to be unanimous and in case of differences in the committee, the matters have to be referred to the Divisional Office.

The basic function of the committee is to review the performance of the branch, discuss its work-status and evolve methods to overcome problems facing the branch. The review of the performance of the branch has to be made in relation to some standards. The performance budget for the branch, agreed between the Division and the Branch provides the yardstick for this comparison. This review would be meaningful if the planning and budgeting itself is done after a thorough discussion at the Management Committee, so that all members of the committee have a sense of commitment and identify with the plan. The review of the performance at the branch management committee provide feed-back for future planning and enables suitable
measures to be taken speedily wherever necessary to bring performance in line with plans, by a careful analysis of the reasons for its deviation.

The performance plan and budget evolved, after discussions in the management committee provides common goals for the branch to reach and the involvement of individual departmental heads in evolving these goals. It brings in them a sense of commitment so that when reviews are made individual departmental heads become prepared to sacrifice narrow departmental interests whenever required, in the interest of the branch attaining the common objectives. The review of performance and analysis of the problems faced which the committee does enable emergence of a problem-solving culture. It leads to a realisation that operational problems can be solved primarily by putting heads together, identifying the causes and tackling the issues that provide the cause and not by referring to higher officers and awaiting their advice or directions. Only those matters are referred to higher authority, which are beyond, the powers and levels of expertise available at the branch.

OBJECTIVES OF LIC

Upto 1956, the Life Insurance was an open market with both Indian and foreign players. The provident societies were also permitted to operate. However in 1956, the life insurance industry was nationalized (245 private companies) under a single roof of Life Insurance Corporation of India. The pivotal objectives of
nationalisation of the insurance industry are spreading the insurance gospel to rural areas and maximum mobilisation of savings.

The Life Insurance Corporation of India has been widely accepted as a symbol for security and savings. The main objective of LIC is to extend the benefit of insurance to every nook and corner of our country from privileged to underprivileged, from the affluent to the weaker and vulnerable section of our society.

The following are the other important specific objectives of LIC:

1. To spread life insurance much more 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 providing them adequate financial cover against death at a reasonable cost.

2. To maximise mobilisation of people's savings by making insurance linked savings adequately attractive.

3. To 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.

4. To conduct business with utmost economy and with the full realization that the money belong to the policyholders.

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5. To act as trustee of the insured public in their individual and collective capacities.

6. To meet the various life insurance needs of the community that would arise in the changing social and economic environment.

7. To involve all people working in the corporation to the best of their capacity in furthering the interest of the insured public by providing efficient service with courtesy.

8. To 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 achievements of corporate objectives.

RELATIONSHIP BETWEEN L.I.C. AND POLICYHOLDERS

Life Insurance is a contract of ‘UBERRIMA FIDES’ i.e., utmost good faith. It is an agreement whereby L.I.C. undertakes to pay the sum assured to the nominee of the life assured in case of his unfortunate death or to the life assured himself along with bonus on his survival to the full term for a consideration received from the life assured known as ‘premium’. The person who insures his life with L.I.C. is known as customer or policyholder of the LIC. The relationship between a policyholder and L.I.C. is that of assured and assurer.

L.I.C. renders the following services to its policyholders:

1. Grants loans to policyholders on pledging the original policy.
2. Transfers policy records from one branch to another branch at the request of policyholders.

3. Revives the lapsed policy and settles the surrender value while the policy is surrendered.

4. Settles the maturity and death claims.

5. Effects change in nomination or assignment.

6. Issues duplicate policy in case of loss of original policy.

7. Effects alteration in the mode of payment of premium.

8. Effects change in residential/official address of policyholders.

THE LIC (INTERNATIONAL) EXEMPT COMPANY

This was formed as an exempt company in July 1989, at Manama, Bahrain in collaboration with the international agencies company to meet the insurance needs of the expatriate Indians. It issues policies in a variety of currencies and markets a variety of plans. LIC has thus travelled substantially in realising the main objectives of its formation.\textsuperscript{10}

MARKETING NETWORK

An effective marketing network is a prelude to sustained success. LIC's infrastructure as would be seen from the following table has been evolving and expanding to meet the aspirations of the insuring public. Decentralisation and

\textsuperscript{10} The Insurance Times, September 1993, p.8.
delegation with a view to bringing service at the door step and providing a single window for all policyholders’ servicing needs has been the basic tenet of organisational infrastructure development. The Organisational Network is presented in Table 3.2.

**TABLE 3.2**

**ORGANISATIONAL NETWORK**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AGENTS</th>
<th>BRANCHES</th>
<th>DIVISIONAL OFFICES</th>
<th>ZONAL OFFICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>NA</td>
<td>NA</td>
<td>69</td>
<td>6</td>
</tr>
<tr>
<td>1989-90</td>
<td>3,77,929</td>
<td>1,528</td>
<td>69</td>
<td>6</td>
</tr>
<tr>
<td>1990-91</td>
<td>4,40,830</td>
<td>1,651</td>
<td>71</td>
<td>6</td>
</tr>
<tr>
<td>1991-92</td>
<td>4,89,660</td>
<td>1,774</td>
<td>81</td>
<td>6</td>
</tr>
<tr>
<td>1992-93</td>
<td>4,95,745</td>
<td>1,900</td>
<td>93</td>
<td>6</td>
</tr>
<tr>
<td>1993-94</td>
<td>5,24,427</td>
<td>2,008</td>
<td>100</td>
<td>7</td>
</tr>
<tr>
<td>1994-95</td>
<td>5,19,504</td>
<td>2,021</td>
<td>100</td>
<td>7</td>
</tr>
<tr>
<td>1995-96</td>
<td>NA</td>
<td>2021</td>
<td>100</td>
<td>7</td>
</tr>
<tr>
<td>1996-97</td>
<td>5,33,133</td>
<td>2023</td>
<td>100</td>
<td>7</td>
</tr>
<tr>
<td>1997-98</td>
<td>NA</td>
<td>2023</td>
<td>100</td>
<td>7</td>
</tr>
<tr>
<td>1998-99</td>
<td>NA</td>
<td>2,048</td>
<td>100</td>
<td>7</td>
</tr>
<tr>
<td>1999-00</td>
<td>NA</td>
<td>2,048</td>
<td>100</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: The Insurance Times, September, 1993, p.3 (NA-Not Available.)

One can easily observe from the Table 3.2 that the number of Agents and Branches has been increasing year after year. However, the number of Divisional Offices and Zonal Offices has not increased satisfactorily.
SPREADING LIFE INSURANCE–(INDIVIDUAL INSURANCE SCHEME)

NEW BUSINESS

LIC’s achievements, vis-à-vis the main objective of spreading, the gospel of insurance, which in fact was the raison d’être of its formation, have to be viewed in the context of its overall growth-vertical and horizontal-encompassing the urban and rural sectors and the economically able and weaker sections of the society. Table 3.3 shows the Total Sum Assured, under Individual Insurance Scheme along with number of policies issued.

**TABLE 3.3**

SPREADING THE GOSPEL OF LIFE INSURANCE

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NEW BUSINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>POLICIES (In lakhs)</td>
</tr>
<tr>
<td>1988-89</td>
<td>NA</td>
</tr>
<tr>
<td>1989-90</td>
<td>74.00</td>
</tr>
<tr>
<td>1990-91</td>
<td>86.05</td>
</tr>
<tr>
<td>1991-92</td>
<td>92.04</td>
</tr>
<tr>
<td>1992-93</td>
<td>99.06</td>
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<tr>
<td>1993-94</td>
<td>107.03</td>
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<td>1994-95</td>
<td>108.08</td>
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<td>1995-96</td>
<td>110.21</td>
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<td>1996-97</td>
<td>122.68</td>
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<tr>
<td>1997-98</td>
<td>133.11</td>
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<tr>
<td>1998-99</td>
<td>148.44</td>
</tr>
<tr>
<td>1999-00</td>
<td>169.77</td>
</tr>
</tbody>
</table>

(NA-Not Available)
New business under individual assurances of around 74 lakhs policies and sum assured Rs.23,319.53 crores for the year 1989-90 and securing 169.77 lakhs policies and sum assured Rs.91,213.42 crores in the year 1999-2000 has been a long stride, indeed as per the above table.

**BUSINESS IN-FORCE**

Every year a large number of new policies are issued to lakhs of persons both under individual insurance and group insurance. Besides the new business, there are a large number of policies issued in previous years whose tenure is yet to expire. The aggregate of existing business relating to the current years is the total existing business in-force. The corporation has been showing steady progress year by year. The following Table 3.4 shows the Total Business In-Force for a Period of twelve years.

**TABLE 3.4**

**TOTAL BUSINESS IN-FORCE DURING THE PERIOD FROM 1988-89 TO 1999-2000**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NEW BUSINESS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>POLICIES (In lakhs)</td>
<td>SUM ASSURED (Rs.In crores)</td>
</tr>
<tr>
<td>1988-89</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1989-90</td>
<td>403.98</td>
<td>74,429.34</td>
</tr>
<tr>
<td>1990-91</td>
<td>455.68</td>
<td>94,823.22</td>
</tr>
<tr>
<td>1991-92</td>
<td>509.26</td>
<td>1,19,179.84</td>
</tr>
<tr>
<td>1992-93</td>
<td>566.01</td>
<td>NA</td>
</tr>
<tr>
<td>1993-94</td>
<td>608.00</td>
<td>NA</td>
</tr>
<tr>
<td>1994-95</td>
<td>645.05</td>
<td>NA</td>
</tr>
<tr>
<td>1995-96</td>
<td>708.07</td>
<td>2,95,758.05</td>
</tr>
<tr>
<td>1996-97</td>
<td>776.06</td>
<td>3,44,619.36</td>
</tr>
<tr>
<td>1997-98</td>
<td>850.00</td>
<td>NA</td>
</tr>
<tr>
<td>1998-99</td>
<td>916.37</td>
<td>4,57,435.00</td>
</tr>
<tr>
<td>1999-00</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: The Insurance Times, September 1993, p.4
(NA – Not Available)
The above-furnished table indicates the significant progress of the corporation in terms of policies and sum assured with the sustained efforts made by the entire team of people both in the office and in the field. From a mere Rs.74,429.34 crores of total business in-force in the year 1989-90, the total business in-force showed a spectacular increase to Rs.4,57,435.00 crores in the year 1998-99. It is a fact that the business in-force has increased considerably.

GROUP INSURANCE SCHEME

In addition to schemes for individual insurance, LIC also offers schemes for group insurance, group gratuity and group superannuation. These are mainly meant for employees of the organized sector and they provide insurance cover at comparatively low rates of premium.

Besides these, there is a vast majority of people, especially in rural areas, and in the unorganized sectors, who need life insurance but cannot afford to pay for it. For such weaker sections of society, LIC has introduced the Social Security Group Schemes. As many as 23 occupational groups such as weavers, rickshaw pullers, fishermen, tailors, beedi workers and primary milk producers and covered. 50% of the premium is paid from the Social Security Fund created by the LIC and the balance is paid either by the State Government or by the Nodal Agency to which these groups are attached.

---

11 The Social Security Fund (SSF) was set up in 1989-90 for providing social security through group insurance to the weaker and vulnerable sections of the society. Chartered Secretary, December, 1998, p.1317.
NEW BUSINESS

Policies are issued to group of persons in the case of group insurance schemes. The Life Insurance Corporation of India offers group schemes of life insurance to persons who work in the same place or under the same employer. These group schemes are open to persons who come under organised and unorganised categories. In the case of the organized category, when at least 75% of the employees who work under the same employer opt for the group insurance scheme, a group insurance policy is issued.

For instance, teachers working in a school or a college, employees working in a mill, can take group insurance policies. In the case of the unorganised category, a group consisting of 100 persons or more can take a group insurance policy. For instance, coolies in a railway junction, flower vendors in a city, mobile vendors (hawkers), pilgrims to a temple, church or mosque can take a group insurance schemes for their respective group. In the case of group insurance schemes, premium is low and at the same time all the members of the group are given insurance coverage.

Every year a number of group insurance schemes are developed to meet the rising consumer aspirations and preferences. The total sum assured under Group Insurance Schemes are shown in the following Table 3.5.
TABLE 3.5
TOTAL NEW BUSINESS UNDER GROUP INSURANCE SCHEME

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SUM ASSURED (Rs. in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>16,251.12</td>
</tr>
<tr>
<td>1989-90</td>
<td>20,270.81</td>
</tr>
<tr>
<td>1990-91</td>
<td>25,912.08</td>
</tr>
<tr>
<td>1991-92</td>
<td>28,941.78</td>
</tr>
<tr>
<td>1992-93</td>
<td>39,906.65</td>
</tr>
<tr>
<td>1993-94</td>
<td>38,728.88</td>
</tr>
<tr>
<td>1994-95</td>
<td>50,651.85</td>
</tr>
<tr>
<td>1995-96</td>
<td>62,718.50</td>
</tr>
<tr>
<td>1996-97</td>
<td>62,691.88</td>
</tr>
<tr>
<td>1997-98</td>
<td>75,148.22</td>
</tr>
<tr>
<td>1998-99</td>
<td>69,558.14</td>
</tr>
<tr>
<td>1999-00</td>
<td>NA</td>
</tr>
</tbody>
</table>


It can be seen from the above Table that the sum assured has been considerably increasing year after year. In the year 1988-89 the total sum assured was Rs.16,251.12 crores and it increased to Rs.69,558.14 crores in the year 1998-99. Therefore, the Group Insurance portfolio has shown a steady growth over these years.

BUSINESS IN-FORCE

Business In-Force under Group Insurance Scheme is seen from Table 3.6.
### TABLE 3.6

**TOTAL BUSINESS IN-FORCE UNDER GROUP INSURANCE SCHEME**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF SCHEMES</th>
<th>SUM ASSURED (Rs.in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1989-90</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1990-91</td>
<td>46624</td>
<td>30,501.57</td>
</tr>
<tr>
<td>1991-92</td>
<td>54704</td>
<td>32,973.46</td>
</tr>
<tr>
<td>1992-93</td>
<td>59128</td>
<td>43,086.83</td>
</tr>
<tr>
<td>1993-94</td>
<td>64426</td>
<td>46,742.95</td>
</tr>
<tr>
<td>1994-95</td>
<td>71726</td>
<td>51,034.71</td>
</tr>
<tr>
<td>1995-96</td>
<td>72592</td>
<td>64,651.54</td>
</tr>
<tr>
<td>1996-97</td>
<td>78732</td>
<td>64,606.60</td>
</tr>
<tr>
<td>1997-98</td>
<td>78600</td>
<td>74,798.75</td>
</tr>
<tr>
<td>1998-99</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1999-00</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

(NA – Not Available)

It can be seen from the above table that there has been an increasing trend in the number of schemes under Group Insurance. From a mere Rs.30,501.57 crores of total business in the year 1990-91, the total business in-force showed a spectacular increase to Rs.74,798.75 in the year 1997-98. It is a fact that the business in-force has increased considerably.
LIFE INSURANCE FUND

The working results of LIC can be evaluated by various indicators such as Life Insurance Fund, Premium Income, Total Income, Claims-Settlement Operations, Number of Offices and so on.

An increasing trend of life insurance fund is a clear indication of progressive business. If the rate of increase of life insurance fund is progressive, it is undoubtedly a significant increase in the life insurance business. The following Table 3.7 clearly shows the substantial increase of Life Insurance Fund over the years.

TABLE 3.7
YEAR-WISE INCREASE IN LIFE INSURANCE FUND

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LIFE FUND (Rs.in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>14,974.00</td>
</tr>
<tr>
<td>1989-90</td>
<td>23,471.84</td>
</tr>
<tr>
<td>1990-91</td>
<td>28,400.97</td>
</tr>
<tr>
<td>1991-92</td>
<td>34,691.39</td>
</tr>
<tr>
<td>1992-93</td>
<td>40,998.03</td>
</tr>
<tr>
<td>1993-94</td>
<td>49,665.08</td>
</tr>
<tr>
<td>1994-95</td>
<td>59,978.09</td>
</tr>
<tr>
<td>1995-96</td>
<td>72,780.01</td>
</tr>
<tr>
<td>1996-97</td>
<td>87,760.00</td>
</tr>
<tr>
<td>1997-98</td>
<td>1,06,423.05</td>
</tr>
<tr>
<td>1998-99</td>
<td>1,27,389.06</td>
</tr>
<tr>
<td>1999-00</td>
<td>1,54,043.73</td>
</tr>
</tbody>
</table>


The life insurance fund has been increasing at a faster rate during the period of more than ten years. It is a very encouraging sign that the life fund has increased from Rs.14,974.00 crores in the year 1988-89 to Rs.1,54,043.073 crores in the year 1999-2000. The Figure 3.1 exhibits the increasing trend of Life Insurance Fund.
FIGURE 3.1
ACCUMULATION OF LIFE INSURANCE FUND
INCOME EARNED

The income of LIC is not confined to premium income alone. It has income from investments as well as from other miscellaneous sources, the details of which are given in the following Table 3.8

TABLE 3.8

YEAR-WISE INCREASE IN TOTAL INCOME OF THE LIC

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PREMIUM INCOME</th>
<th>INVESTMENT INCOME</th>
<th>OTHER INCOME</th>
<th>TOTAL INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>3,432.72</td>
<td>1,884.83</td>
<td>52.86</td>
<td>5,370.41</td>
</tr>
<tr>
<td>1989-90</td>
<td>4,489.39</td>
<td>2,278.29</td>
<td>67.36</td>
<td>6,835.04</td>
</tr>
<tr>
<td>1990-91</td>
<td>5,600.80</td>
<td>2,820.59</td>
<td>96.56</td>
<td>8,517.98</td>
</tr>
<tr>
<td>1991-92</td>
<td>6,959.52</td>
<td>3,573.86</td>
<td>156.91</td>
<td>10,690.29</td>
</tr>
<tr>
<td>1992-93</td>
<td>7,987.24</td>
<td>4,157.89</td>
<td>99.59</td>
<td>12,244.72</td>
</tr>
<tr>
<td>1993-94</td>
<td>9,735.03</td>
<td>NA</td>
<td>NA</td>
<td>15,212.31</td>
</tr>
<tr>
<td>1994-95</td>
<td>11,527.80</td>
<td>6,336.19</td>
<td>238.33</td>
<td>18,102.32</td>
</tr>
<tr>
<td>1995-96</td>
<td>14,181.77</td>
<td>7,712.62</td>
<td>152.37</td>
<td>22,046.76</td>
</tr>
<tr>
<td>1996-97</td>
<td>16,351.39</td>
<td>9,395.79</td>
<td>185.91</td>
<td>25,933.09</td>
</tr>
<tr>
<td>1997-98</td>
<td>17,146.06</td>
<td>NA</td>
<td>NA</td>
<td>30,732.60</td>
</tr>
<tr>
<td>1998-99</td>
<td>22,805.80</td>
<td>NA</td>
<td>NA</td>
<td>36,352.59</td>
</tr>
<tr>
<td>1999-00</td>
<td>27,849.76</td>
<td>NA</td>
<td>NA</td>
<td>45,174.15</td>
</tr>
</tbody>
</table>


One can easily observe from the Table 3.8 that the total income including premium income, investment income and other income of the corporation has been increasing year after year over a period of more than ten years, the corporation has made spectacular progress in its income. Therefore, this increasing trend in total income earned by the Corporation is commendable.

The Figure 3.2 depicts the Total Income earned by the corporation.
FIGURE 3.2
TOTAL INCOME EARNED BY THE LIC
INVESTMENTS

LIC utilises its funds in profitable investments. Investments are made in Banks, Financial Corporations, Private Corporate Business (Shares and Debentures), Central and State Government Securities, Local Authorities, Electricity Boards and Commercial Undertakings. LIC’s investments are more or less risk free. The problems of non-performing assets are minimum in LIC. Loans and Advances are also provided to the Commercial Banks, Financial Corporations, Private Corporate Business, Government and Households. LIC invests 65% in Government Securities, 8% to 9% in Equities and above 10% with Corporates.

The rules governing the investment pattern are given in the following Table 3.9.

**TABLE 3.9**

**RULES GOVERNING INVESTMENT PATTERN**

<table>
<thead>
<tr>
<th>SL. NO</th>
<th>SECTOR</th>
<th>(ORDINARY LIFE) % OF ANNUAL ACCRETION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Central Govt. Securities</td>
<td>Not less than 20%</td>
</tr>
<tr>
<td>2.</td>
<td>Loans to National Housing Bank &amp; (1) above</td>
<td>Not less than 25%</td>
</tr>
<tr>
<td>3.</td>
<td>State Govt. and Govt. Guaranteed Securities and (2) above</td>
<td>Not less than 50%</td>
</tr>
<tr>
<td>4.</td>
<td>Socially Oriented (Power, Housing, Public Health etc.,) and (3) above</td>
<td>Not less than 75%</td>
</tr>
<tr>
<td>5.</td>
<td>(i) Corporate sector loans, Equities etc.</td>
<td>Not more than 25%</td>
</tr>
<tr>
<td></td>
<td>(ii) Loans to policy holders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Property</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iv) Funds in pipeline</td>
<td></td>
</tr>
</tbody>
</table>


---

12 The Insurance Times, October 1993, p.18.
The corporation provides large amount of funds to governments and semi-government institutions. The funds are utilised for infrastructure development in the country. The prime objective of the corporation has been investment of funds for national development. Its investments cover a wide range of shares and debentures of important industries and undertaking Statutory Corporations such as Iron and Steel, Cotton Textiles, Engineering, Coal, Railways, Sugar, Electricity, Transport, Industrial, Estates, Port Trust, Co-operative Land Development Banks, Co-operative Housing Societies, Unit Trust of India, Urban Development Corporations, Kisan Vikas Patras, etc.,

As per Corporation’s Chairman’s Review Working Results 1996-97, the total investment made by LIC in socially oriented sector including investment in Central/State Government Securities and Government Guaranteed Marketable Securities up to March 31, 2000 amounted to Rs.1,17,888 crores. The following Table 3.10 highlights the Investments made by the LIC in different sectors.

**TABLE 3.10**

**LIC’S INVESTMENTS IN DIFFERENT SECTORS**

(Rs. in crores)

<table>
<thead>
<tr>
<th>TYPES OF INVESTMENT</th>
<th>INVESTMENTS UPTO (31ST MARCH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Central Govt. securities</td>
<td>4675</td>
</tr>
<tr>
<td>2. State Govt. &amp; other Govt. Guaranteed Marketable Securities</td>
<td>1683</td>
</tr>
<tr>
<td>3. Electricity (SEBs)</td>
<td>2603</td>
</tr>
<tr>
<td>4. Housing</td>
<td>1872</td>
</tr>
<tr>
<td>5. Water Supply &amp; Sewerage</td>
<td>718</td>
</tr>
<tr>
<td>6. State Road Transport Corporations</td>
<td>180</td>
</tr>
<tr>
<td>7. Loans to Industrial Estates</td>
<td>37</td>
</tr>
<tr>
<td>8. Loans to Sugar Co-operatives</td>
<td>37</td>
</tr>
<tr>
<td>9. Development Authority</td>
<td>-</td>
</tr>
<tr>
<td>10. Roadways, Port, Railways</td>
<td>-</td>
</tr>
<tr>
<td>11. Power Generation (Private Sector)</td>
<td>-</td>
</tr>
<tr>
<td>12. Municipality</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>11806</td>
</tr>
</tbody>
</table>

From the above table, it is very clear that the corporation has made the investments in different fields in a profitable manner. Investments in the Govt. securities have been increased constantly. Thus, the corporation makes investments in the outlets, which are promoting the country's economic growth. The year-wise amount of Investment is shown in the Table 3.11 furnished below.

**TABLE 3.11**

**YEAR-WISE INCREASE IN INVESTMENT**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>INVESTMENT (Rs.in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>17,342.70</td>
</tr>
<tr>
<td>1989-90</td>
<td>20,503.74</td>
</tr>
<tr>
<td>1990-91</td>
<td>NA</td>
</tr>
<tr>
<td>1991-92</td>
<td>NA</td>
</tr>
<tr>
<td>1992-93</td>
<td>NA</td>
</tr>
<tr>
<td>1993-94</td>
<td>46,560.63</td>
</tr>
<tr>
<td>1994-95</td>
<td>56,182.44</td>
</tr>
<tr>
<td>1995-96</td>
<td>62,128.09</td>
</tr>
<tr>
<td>1996-97</td>
<td>68,068.00</td>
</tr>
<tr>
<td>1997-98</td>
<td>80,945.00</td>
</tr>
<tr>
<td>1998-99</td>
<td>98,003.00</td>
</tr>
<tr>
<td>1999-00</td>
<td>1,17,888.00</td>
</tr>
</tbody>
</table>

It has been observed from the above table that the amount of investment has been constantly increasing from Rs.17,342.70 crores in 1988-89 to Rs.1,17,888.00 crores in 1999-2000. The investment has contributed significantly in the economic development of the country.

LIC has invested Rs.1468 crores in Tamil Nadu, Kerala and Pondicherry. Of this Tamil Nadu State has got Rs.941 crores of investment.¹⁴

CLAIMS-SETTLEMENT OPERATIONS

Life Insurance extends financial protection to a policyholder for his old age requirements or to his family members in the event of the insured person's premature death.

On the expiry of the period of the policy, the policyholder demands the sum assured from the corporation. This is known as 'claim by maturity'. The nominee can claim the amount from the corporation on the death of the policyholder. When the nominee claims the amount, it is called 'claim by death'. Irrespective of the type of claim, the corporation is under an obligation to settle the claim. Quick settlement of claims is one of the indices of efficiency of the corporation. So, the corporation lays great emphasis on the timely settlement of claims. The Table 3.12 furnished below shows the Claims-Settlement Operations from the year 1988-89 to 1999-2000.

---


**TABLE 3.12**

CLAIMS-SETTLEMENT OPERATIONS  
(Rs.in crores)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CLAIMS INTIMATED 2 (Rs.)</th>
<th>CLAIMS SETTLED 3 (Rs.)</th>
<th>CLAIMS OUTSTANDING 4 (Rs.)</th>
<th>PERCENTAGE OF CLAIMS OUTSTANDING TO CLAIMS INTIMATED 5 (4/2 X100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>1,211.08</td>
<td>1,126.37</td>
<td>84.71</td>
<td>6.99</td>
</tr>
<tr>
<td>1989-90</td>
<td>1,425.14</td>
<td>1,334.58</td>
<td>90.56</td>
<td>6.35</td>
</tr>
<tr>
<td>1990-91</td>
<td>NA</td>
<td>1,660.32</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1991-92</td>
<td>NA</td>
<td>2,044.38</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1992-93</td>
<td>NA</td>
<td>2,600.30</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1993-94</td>
<td>3,845.45</td>
<td>3,673.95</td>
<td>171.50</td>
<td>4.45</td>
</tr>
<tr>
<td>1994-95</td>
<td>4,130.80</td>
<td>3,904.57</td>
<td>226.23</td>
<td>5.47</td>
</tr>
<tr>
<td>1995-96</td>
<td>4,594.69</td>
<td>4,594.07</td>
<td>288.70</td>
<td>6.28</td>
</tr>
<tr>
<td>1996-97</td>
<td>5,722.38</td>
<td>5,723.02</td>
<td>319.59</td>
<td>5.58</td>
</tr>
<tr>
<td>1997-98</td>
<td>6,673.07</td>
<td>6,673.01</td>
<td>315.62</td>
<td>4.72</td>
</tr>
<tr>
<td>1998-99</td>
<td>7,615.78</td>
<td>7,583.18</td>
<td>348.22</td>
<td>4.57</td>
</tr>
<tr>
<td>1999-00</td>
<td>9,266.25</td>
<td>9,211.35</td>
<td>403.17</td>
<td>4.35</td>
</tr>
</tbody>
</table>

(NA – Not Available)
Prompt settlement of claims is the ultimate reflection of the customers’ satisfaction and the Life Insurance Company’s efficiency\textsuperscript{15}. It can be seen from the above table that the claims-settlement operations are satisfactory. In 1988-89, the amount of claim settled stood at Rs.1,126.37 crores against a total claims (claims intimated) of Rs1,211.08 crores. In the year 1999-2000, the amount of claims-settled was Rs.9,211.35 crores. The percentage of outstanding claims to claims intimated should decline. It has been observed that the percentage of outstanding claims to total claims intimated has decreased from 6.99 percent in 1988-89 to 4.35 percent in 1999-2000 as per the Table furnished above. Thus, LIC’s performance has been extremely good in the matter of settlement of claims.

The Figure 3.3 shows the Claims-Settled by the Corporation.

\textsuperscript{15} The Insurance Times, September 1993, p.6.
INFORMATION TECHNOLOGY IN LIC

LIC has been using Information Technology intensively and today they are the largest user of IT in the country in terms of investment and hardware. LIC is having the largest number of servers (more than 4500) in the country and is second in the number of nodes deployed (approximately 25,000 PCs and Terminals).

Front-End started with three modules and today there are as many as twelve modules in place. Today almost all activities concerning the policyholders have been computerised. Touch Screen kiosks (TSK) have been installed in 150 locations in the country.

NEW INITIATIVES

With the successful implementation of Front-End in all the 2048 Branches of the Corporation, the focus has shifted to providing various value added services to our customers at no extra cost.

GREEN CHENNEL

This is a fast track for New Business Completion wherein processing time for completion and issue of policy bond is brought down from days to minutes by cutting down the various processes in acceptance, scrutiny and underwriting of proposals.

NETWORKING

With a view to make available information about their policies to all locations of LIC, the concept of networking of Branches through Metro Area Network (MAN) and Wide Area Network (WAN) has been adopted and today 663 Branches all over
the country are connected. In a couple of months time all the 100 Divisional Offices and more than 1500 Branches will be connected.

IVRS

Interactive Voice Response System is an automated telephone service whereby the customer can get the information about his policy such as premium due, bonus, loan eligibility etc., This service is already implemented in all metros/major cities.

- A single hunting number triggers the process
- The policyholder dials in the policy number for which he wants the policy particulars.
- This computerised service provides option to the policy to get the required information.

PREMIUM PAYMENT OVER INTERNET

LIC has tied up with various banks and service providers for collection of renewal premiums. The system is fully automated and relies on the internet to trigger a chain of transactions and processes within LIC and the tie-up partners which ultimately results in the premium amount being debited from the policyholder’s bank account and being transferred to LIC’s account. LIC has this arrangement with Corporation Bank, UTI Bank, Bank of Punjab, ICICI Bank, Timesofmoney.com and billjunction.com.
POLICY STATUS OVER THE INTERNET

- The policyholder can also register for the policy status over Internet at LIC website www.licindia.com and view their policy particulars any time of the day from any where in the world.

- The site also has an option where the policyholder can send emails automatically to the Divisional Offices/Branches that service his policy.

- The website contains further facilities like premium calculation, plan particulars, bonus rates, information about the organisation, contact addresses etc.,

THE INFO-CENTRE

A 24-hours customer-user friendly info centre has been inaugurated by LIC in Chennai city. This is the fourth info centre of LIC in the country (after Mumbai, Hyderabad and Pune). The practice in these centres has been that approximately 8000 calls per day were being received. The info centre has been built on the lines of call centre, where any customer can collect details on the personal policies, information on products and premium calculation and any other relevant information by just making a phone call.\(^{16}\)

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\(^{16}\) Industrial Economist, 30\(^{th}\) July-14\(^{th}\) August 2002, p.31
PERFORMANCE OF LIC DURING THE PAST 41 YEARS - HIGHLIGHTS

❖ 1st September 1956 was the day of nationalisation of life insurance in India.

❖ The LIC came into being with 5 zonal, 33 divisional, 212 branch offices and 97 sub-offices on 1.9.56.

❖ The first board meeting of LIC was held on Saturday, September, 1st 1956 at 11.00 A.M. in the oriental building fort, Mumbai.

❖ Jeevan Kentra, Churchgate, Mumbai was LIC’s first Central Office from November 1, 1957.

❖ On 31st December 1957, Corporation had 2,07,373 Agents and 5,222 Development Officers.

❖ The first financial year for LIC was of 16 months ending on 31st December 1957.

❖ The building department was set up in October 1956.

❖ The first master policy for Group Insurance Scheme was issued by the Mumbai office of LIC in 1957, covering 122 employees of a company for the total SA of Rs.1,82,000.

❖ Likewise the first Superannuation master policy covering 11 employees of a company for a total sum of Rs.12.5 lakh with a single premium of Rs.3.5 lakh was issued in the same year.
❖ 'Yogakshema' the Corporate magazine was started in May 1957.

❖ The Salary Saving Scheme was introduced in 1957. About 7000 firms and institutions participated the scheme from 1957 to 1960.

❖ The first Investment Policy was placed on the table of parliament on 25 August 1958.

❖ In 1958, Talni Purna village in Amravati District, Maharashtra, became the first Bima Gram.

❖ Officers Training College was founded on 16th May 1960 at Nagpur and later shifted to Borivli as Management Development Centre in 1969.

❖ The First camp for on the Spot policies was organized on 15th August 1961 at Rohtak district.

❖ The first batch of Direct Recruit Officers joined the Corporation in 1961.

❖ 'Yogakshema' an architectural landmark and permanent home for the Corporation’s CO was inaugurated on 26th December 1963.

❖ Computers were first installed in 1963 on each at Mumbai and in Calcutta.

❖ 'Yogakshema' the house magazine was awarded 1st prize at the Ninth State Award Function of September 1, 1964 by Dr. Zakir Hussain, Vice President of India.

❖ LIC's first All India Sports Meets were held in 1964.
• In 1965, Central Co-ordination Committee for Sports was founded. It was renamed as Sports Promotion Board in 1988.

• Policy holders’ Council (PHC) was set up in each D.O. in 1965.

• The concept of Agents’ Clubs was introduced in 1971.

• The first Career Agents’ branches were set up in 1972.

• The Reorganisation policy was implemented from the period 1971-78.

• Agency Regulations were introduced in May 1972.

• Direct recruitment of Development Officers began in 1980.

• The National Insurance Academy (NIA) sponsored jointly with GIC and its subsidiaries were founded in 1980.

• Insallation of Microprocessors was first initiated in October 1981.

• Recruitment under sports quota started in 1981.

• Landless Agricultural Labourers Group Insurance (LALGI) was introduced in August, 1987.

• Human Resource Development (HRD) policy was inducted in 1988.

• Govt. of India covering weaker sections of the society in 1988 set up a Social Security Fund with a corpus of Rs.100 crores.

• The Corporate Flag and the Corporate Anthem (Nigam Geet) were introduced in 1994.
❖ The Rural Group Life Insurance Scheme (RGLIS) was launched on 15th August, 1995.

Today after traversing a successful journey of 41 years, LIC stands tall with 48 Branch Offices, 100 Divisional Offices, 7 Zonal Offices and a strength of 1,26,669 workforce and 5,13,897 agency force.

PROFILE OF TAMIL NADU

Tamil Nadu is one of the southern states of India. It is situated on the southeastern side of the Indian peninsula. It is bounded on the East by the Bay of Bangal, on the South by the Indian Ocean, on the West by the Arabian Sea and the state of Kerala and on the North by the states of Karnataka and Andhra Pradesh. It is the eleventh largest state in India and occupies four percent of country’s total area. The total area of Tamil Nadu is 1,30,058 sq.km. Chennai is the capital of Tamil Nadu. The Tamil Nadu state has 30 districts with a population of 55.9 crores, out of the total population, makes constitute 28,417,947 and females constitute 27,440,999. The growth rate is 14.94% (1981-91). Rate of literacy is 63.72%, Males literacy rate 74.88% and females 52.29%. Per capita income of Tamil Nadu is Rs.3,894 (as per 1991 census). The state’s economy is depending on the monsoon, as most of the rivers are rain-fed.17

17 Socio-Economic Profile with high light LIC,Southern Zone.
PROFILE OF CHENNAI AND LIC DIVISIONS

The city of Chennai is the capital of the State of Tamil Nadu. Besides the State administration, a large number of Central Government Establishments are also located here.

It is well connected by Air, Rail and Road transport systems. The service sector of the economy has a major presence in Chennai with the headquarters of two nationalized Banks, i.e., Indian Bank and Indian Overseas Bank and a Subsidiary of General Insurance Corporation located here, namely, United India Insurance. It is therefore not surprising that even Establishments with their operations elsewhere, have their commercial headquarters located in the City of Madras.

Two well defined Industrial Estates are located in Ambattur and Guindy. An export processing zone is located at Tambaram, SIPCOT Industrial Complex is located at Gummidipoondi & Maraimalai Nagar and SIDCO Estates at Ambattur, Villivakkam, Madhavaram, Kodungaiyur, Tiruvellore, Perungudi and Thiruporur. Industrial Growth Centres have been identified at Sriperumbudur and Madurantakam. District Industrial Centres have been located at Kancheepuram and Guindy to coordinate the industrial activities of the district of Chengai-MGR and Chennai.

In the Small Scale Sector, Industrial Estates have been identified to be set up in the Small Scale Sector in Tiruvallur, Madurantakam, Sriperumbudur, Manali and Thiruvanmiyur.
**Infrastructure:** Power, Transport and Communication are available and major industries are located in Avadi, Ambattur, Tiruvottiyur, Ennore, Villivakkam, Vandalur, Tiruvellore, Thiruvanmiyur and Padi.

**Main Products:** Tyres & Tubes, Cycles, Tractors, Automobiles, Rail coaches, Wagons, biscuits, matches, transformers, switch gears, etc.,

**Products in Small Scale Sector:** Transport equipment, automobile spare parts, leather products, metal and rubber products, etc.,

From 1988-89 to 1992-93 the whole branches of LIC in Chennai city were under one roof called ‘Madras Division’. Due to increased pressure on the services of the Corporation, the LIC decided to expand and diversify its operations for the purpose of administrative convenience and for effective services. In view of this, in May 1993, the corporation decided to bifurcate the Madras Division into two divisions namely, Division I (located Anna Salai, Chennai-2) and Division II (located Anna Nagar, Chennai-40). Each division has 21 branch offices in the city as well as outskirts of the city.

Chennai Division II was formed in May, 1993. The total area of this division comprises of 4991.95 Sq.kms. While its rural area is 3802.69 Sq.kms, its urban area is 1189.26 Sq.kms. The number of districts coming under Chennai division II are two. They are Chennai city and Chengal-MGR. The number of taluks and the total population which come under Chennai division II are 8 and 70,38,357 respectively.
CONCLUSION

In this chapter, Formation, Organisational Structure And Network of LIC, Achievements/Working Results of LIC have been brought to light. The Life Insurance Corporation which was established in 1956 has been having the exclusive prerogative of carrying on life insurance business in India. From then till today, the LIC has been justifying the role assigned to it and is carrying on the work of indemnifying the loss suffered by a person and providing an estate for the living needs of one’s dependants.