

**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**RAJYA SABHA**  
**QUESTION NO 02.03.2010**  
**ANSWERED ON**  
**LIC AGENTS**

470

MISS ANUSUIYA UIKEY

Will the Minister of COAL, HEALTH AND FAMILY WELFARE, INFORMATION AND BROADCASTING AND FINANCE be pleased to state :-

- (a) the number of Life Insurance Corporation (LIC) agents in the country who encourage insurance policy seekers to buy insurance policies;
- (b) the functions of LIC agents and the percentage of commission they get;
- (c) whether agents assist in augmenting the number of LIC policies;
- (d) whether Government is contemplating doing away with the agents by discontinuing their commission; and
- (e) the sort of services policy holders would get on doing away with the agents and their commission, and the way employment would be provided to the agents thus rendered unemployed?

**ANSWER**

Minister of State in the Ministry of Finance

Shri Namo Narain Meena

(a): Life Insurance Corporation of India (LIC) has reported that the total number of LIC agents as on 31 st January, 20 10 was 14,18,751.

(b): As per the Life Insurance Corporation of India (Agents) Rules, 1972 the LIC Agents have to perform inter-alia the following functions:

(i) solicit and procure new life insurance business which shall not be less than the minimum prescribed in these regulations and shall endeavour to conserve the business already secured.

(ii) take into consideration the needs of the proposer for life insurance and their capacity to pay premiums.

(iii) make all reasonable enquiries in regard to the lives to be insured before recommending proposals for acceptance and bring to the notice of the Corporation any circumstances which may adversely affect the risk to be underwritten.

(iv) take all reasonable steps to ensure that age of the life assured IS admitted at the commencement of the policy.

(v) not interfere with any proposal introduced by any other agent.

(vi) maintain contact with all person who have become policy holder through him.

(vii) advise every policyholder to effect nomination or assignment in respect of his policy and offer necessary assistance in this behalf.

(viii) endeavour to ensure that every instalment of premium is remitted by the policyholder to the corporation within the period of grace.

(ix) endeavour to prevent the lapsation of policy or its conversion in to a paid up policy.

(x) render all reasonable assistance to the claimants in filling claim forms and generally in complying with the requirements laid down in relation to settlement of claims. Commission Structure: Section 40A of the Insurance Act, 1938 prescribes the ceiling of expenditure on commission applicable both to individual and corporate agents. For life policies, other than annuity policies, in general, the commission permissible is thirty five percent of the first year`s premium (an insurer, during the first ten years of his business, may pay forty percent), seven and a half percent of the second and the third year`s renewal premium, and there after five percent of each renewal premium, payable on the policy. For annuity policies where single premium is

payable, two percent of that premium is payable towards commission. In case of deferred annuity with more than one premium, seven and a half percent of the first year's premium and two percent of each renewal premium is payable towards commission. The commission actually paid to the agents by LLe less than the ceilings prescribed in the Act.

(c): Yes, Sir.

(d) & (e): No, Sir. Does not arise.