

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UN-STARRED QUESTION NO- 1478
TO BE ANSWERED ON THE MARCH 14, 2023 / PHALGUNA 23, 1944 (SAKA)

Private Sector Professional as CEO in LIC

1478. SHRI SYED NASIR HUSSAIN:
Dr. AMEE YAJNIK:

Will the Minister of FINANCE be pleased to state :-

- (a) whether Government aims to appoint a private sector professional as the first Chief Executive Officer of Life Insurance Corporation (LIC), if so, the reasons therefor;
- (b) whether Government intends to abolish the post of Chairman and introduce a new post of CEO, if so, the reasons therefor;
- (c) whether any consultation was held with the stakeholders last year to make changes in the law governing LIC; and
- (d) if so, the details of the meeting of the stakeholders and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(Dr. BHAGWAT KARAD)

(a): There is no such proposal.

(b): Life Insurance Corporation Act, 1956, was amended by Finance Act, 2021 which came into force with effect from 30.6.2021 and stipulates that during the initial period of three years w.e.f. 30.6.2021, the Chairperson shall be appointed as a whole-time director of the corporation and after this period he shall be from amongst the non-executive directors nominated or to be nominated by the Central Government. After the initial period, a Chief Executive Officer and Managing Director, who shall be a whole-time director of the Corporation, shall be appointed by the Central Government.

The Act provides that where no Chief Executive Officer and Managing Director is appointed before the expiry of the said period, the individual holding office as Chairperson shall be deemed to have been appointed as the Chief Executive Officer and Managing Director on and from the date of such expiry.

(c) to (d): During the last year, there was no amendment carried out in the LIC Act 1956. However, in view of the changing needs of the insurance sector, a review of the Insurance Act, 1938 and IRDA Act 1999 was undertaken, wherein stakeholder consultations were held during the last year with the IRDAI, concerned Ministries and Departments of the Central Government, State Governments and UT Governments, as well as consultations done with the public at large.
