

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 2459**

TO BE ANSWERED ON TUESDAY, 17 DECEMBER , 2024/ 26 AGRAHAYANA, 1946(SAKA)

**RATES OF COMMISSION IN LIC POLICIES**

2459. Shri Akhilesh Prasad Singh:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has retained the rates of commission in LIC Policies up to 30<sup>th</sup> September, 2024;
- (b) if so, whether Government has reduced the rates of Commission for these policies from 1st October, 2024;
- (c) whether Government has increased the rate of premium from 1st October, 2024, while rate of Bonus is declining every year; and
- (d) if so, whether LIC agents are facing difficulties in selling polices to public?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

**(a) to (d):** Insurance companies including LIC of India follow various principles in designing their products which inter-alia include regulatory prescriptions, actuarial analysis and accordingly decide on rate of premium, rate of bonus and commission payable within prescribed limits. Insurance companies being regulated commercial entities have flexibility to decide on all these matters, in alignment with regulatory guidelines issued by IRDAI and their Board approved board policy on commission structure.

Insurance sector regulator, IRDAI has issued Expenses of Management Regulations, 2024 dated 22.01.2024 and Master Circular dated 15.05.2024 stipulating specified limits for commission payable on life insurance products. Further, IRDAI has issued IRDAI (Insurance Products) Regulations, 2024 dated 20.03.2024 and Master Circular on Life Insurance Products dated 12.06.2024 which inter-alia, have introduced Special Surrender Value to be paid in case a policy is cancelled after 1 year. Accordingly, in compliance, LIC has modified the commission structure for agents in such a way that first year commissions have been reduced slightly whereas commission for subsequent year, from 4th to 6th years, have been increased. To comply with revised regulatory norms, premium of some products has been slightly increased by LIC to ensure that the product is viable in competitive environment. The level of bonus may vary from time to time depending upon various financial outcomes including claim experience and interest rates. However, LIC has informed that the bonus rates for existing products have remained same for last 5 years.

Product portfolio of LIC of India is reviewed regularly. New products are introduced as per the market needs and customer preferences to enhance value of all the stakeholders. Insurance agents play a crucial role in the distribution of insurance products. LIC agents are imparted with product training and skill development training to handle difficulties, if any, in soliciting insurance business.

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