

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. †1244
ANSWERED ON 19.09.2020

GUARANTEE TO LIC POLICIES

†1244. SHRIMATI DARSHANA VIKRAM JARDOSH:

Will the Minister of FINANCE
be pleased to state:

- (a) whether the Government proposes to give Sovereign Guarantee on Life Insurance Policies given by the Life Insurance Corporation of India (LIC) and if so, the details thereof;
- (b) whether the Government also proposes to give Sovereign Guarantee on Life Insurance Policies even after the reported disinvestment of LIC and if so, the details thereof;
- (c) whether the Government is assessing the functioning of LIC regularly and the manner in which it is assessing the same; and
- (d) the steps taken/likely to be taken by the Government to secure the money of LIC policy holders?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b): Section 37 of the Life Insurance Corporation Act, 1956 contains provisions for sovereign guarantee on life insurance policies issued by Life Insurance Corporation of India (LIC).

(c) and (d): Insurance Regulatory and Development Authority of India (IRDAI) reviews the performance of all the insurance companies through off-site/on-site monitoring mechanism and by seeking periodical returns. The performance of LIC is also assessed against the parameters as agreed by LIC while furnishing the Statement of Intent (SOI) every year to the Government. Further, annual report of the activities of the Corporation is laid before both the Houses of Parliament with its various Parliamentary Standing Committees undertaking review of LIC performance. In so far as securing the money of policyholders, the premium collected from policyholders is prudentially invested as per the provisions of the Insurance Act, 1938 and IRDAI (Investment) Regulations, 2016. Further, LIC is maintaining a higher solvency ratio than prescribed by IRDAI.
