

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION No. 1380.

ANSWERED ON MONDAY, 08 December, 2025/ AGRAHAYANA 17, 1947 (SAKA)

Assessment of risk to policy holders

1380. SHRI CHARANJIT SINGH CHANNI :

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has undertaken any assessment of the risk to policyholders' funds due to concentrated investments by Life Insurance Corporation (LIC) of India in a single corporate group, if so, the details thereof;
- (b) whether LIC has carried out an independent valuation or risk-profiling of these investments in light of market fluctuations, if so, the details thereof; and
- (c) the steps taken by the Government to ensure transparency, safeguard policyholders' interests and prevent any undue concentration of investments in high-risk corporate entities?

ANSWER

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

(a) Investment made by Life Insurance Corporation of India (LIC) are governed by Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, and LIC's Board approved policies.

As per these regulations' investment in both equity and debt for all companies in an investee group is limited to 15% of the amount under respective funds maintained by an insurance company. This limit has been prescribed to prevent concentration of investment and risk to policy holder fund. As per the information provided by LIC, its investments are well within the exposure norms prescribed by Insurance Regulatory and Development Authority of India (IRDAI).

(b) The investments of LIC are made in accordance with Board approved policy guidelines after detailed due diligence based on the Internal Research Reports. The portfolio is dynamically monitored and rebalancing is done as per market condition and the portfolio is also reviewed quarterly by the Investment committee which is a sub-committee of the Board of the Corporation. Due diligence of the debt proposals is made on the basis of financials, various balance sheet ratios and credit rating before making any investment. The approval of the Investment committee is obtained, wherever necessary, as stipulated by IRDAI regulations. In respect of Investment processes, the Checks and Controls are independently verified by Concurrent Auditors, Statutory Auditors, System Auditors and IFC Auditors and Information Systems Auditor.

(c) LIC publishes various periodical reports and IRDAI also conducts on-site and off-site inspections to check that investments made by LIC are compliant with IRDAI norms.
