GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UN-STARRED QUESTION NO. 1224
ANSWERED ON MONDAY, JULY 27, 2026/ SHRAVANA 5, 1948 (SAKA)

Government Oversight and Sovereign Guarantee for LIC Policyholders

1224. SHRI PARSHOTTAMBHAI RUPALA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has established a comprehensive mechanism to monitor and evaluate the performance, accountability, risk management and governance standards of actuarial personnel and investment managers in the Life Insurance Corporation of India (LIC), if so, the details thereof;

(b) whether LIC conducts periodic scientific manpower and workload audits across all cadres to ensure optimal deployment and operational efficiency, if so,the details thereof;

(c) the measures taken to reduce the cost per policy while enhancing policyholder returns and bonuses;

(d) whether the Government continues to exercise effective supervisory oversight over LIC's overall functioning, if so, the details thereof; and

(e) whether all LIC policies continue to be fully backed by the sovereign guarantee of the Government of India and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) & (b) IRDAI has informed that it has framed comprehensive prudential and governance framework with the following Regulations / Master Circular which are applicable to all insurers, including Life Insurance Corporation of India:

(1) IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024
(2) IRDAI (Appointed Actuary) Regulations, 2022
(3) IRDAI (Protection of Policyholders' Interests, Operations and Allied Matters of Insurers) Regulations, 2024
(4) Master Circular on Corporate Governance, 2024

This framework provides for governance arrangements relating to actuarial, finance and investment functions, appointment and responsibilities of the Appointed Actuary, Board-approved policies, internal controls, risk management, investment governance, regulatory reporting and supervisory oversight by IRDAI. With the intent to ensure optimal deployment and operational efficiency, LIC undertakes review of manpower and workload at periodical intervals. This is carried out through review of cadre strength during promotion rounds, considering positions to be manned, likely vacancies due to superannuation and elevation, and periodic recruitment after careful consideration of activities, future manpower requirements, and technological/regulatory challenges to ensure efficient customer service. Employee workload and performance are evaluated through a structured appraisal process.

(c) LIC has undertaken several measures to reduce the cost per policy while enhancing policyholders' returns and bonuses such as rationalization of expenses, increase the number of policies, lower withdrawals etc. to attain economies of scale. LIC has further modernized its Buy-Online-D2C proposal registration platform with enhanced online integration such as e-KYC/ CKYC and Bank account verification. Other similar steps involve promotion of paperless onboarding through agents portal; online collection of proposal deposits; periodic review of Non-Medical limits; realignment of commission structures for certain products in line with IRDAI Regulations on Special Surrender Value etc.

(d) LIC is a Board-governed, listed entity regulated by IRDAI under Insurance Act, 1938, IRDAI Act, 1999 and the regulations framed thereunder. IRDAI exercises prudential and market conduct supervision over LIC in the same manner as over other insurers. Such supervision includes monitoring of solvency, actuarial valuation, investments, financial reporting, corporate governance, product management, protection of policyholders' interests, market conduct and regulatory compliance through regulatory returns, inspections, supervisory reviews and other supervisory processes.

(e) Yes. As per Section 37 of the Life Insurance Corporation Act, 1956, the sum assured under all policies issued by LIC, together with bonuses already declared, is guaranteed as to payment in cash by the Central Government, subject to the provisions contained in Section 14 of the LIC Act.

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