

Need to address the problems being faced by LIC agents and policy holders-Laid

SUSHRI S. JOTHIMANI (KARUR): The policyholders and agents of the LIC are the backbone of the Indian insurance system. However, the changes by the LIC that took effect on 1 October 2024 are doing a grave injustice to crores of policyholders and agents. The rate of premiums has increased for the new products introduced. The basic sum assured has been increased to 2 lakhs, intensifying the burden on policyholders. The bonuses declared to policyholders every year are minimal. And the upper limit for the new endowment plan has been reduced from 55 to 50 years. Together, all these measures serve to hamper business prospects. The rate of Commission was fixed in 1938 when insurance laws were implemented in our country. Despite IRDA permitting insurance companies to increase commission rates for insurance agents, LIC has not followed through. Instead, the commission has been reduced. More concerning is the clawback commission clause, which allows the insurer to recover the agent's commission in case the policyholder surrenders their policy prematurely. This means that agents will be penalized for policyholders' decisions. I urge the Honourable Minister of Finance to take cognizance of these issues and take necessary measures to secure the interests of policyholders and agents associated with LIC.