

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:716
ANSWERED ON:22.11.2002
WITHDRAWAL OF LIC POLICIES
CHANDRA NATH SINGH;SADASHIVRAO DADODA MANDLIK;SATYAVRAT CHATURVEDI;SUNDER LAL TWARI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) The quantum of the investor's money invested by Life Insurance Corporation of India (LIC) in the market alongwith justification thereof;
- (b) the income accruing thereby to the LIC during the last financial year;
- (c) whether LIC has withdrawn many of its policies involving payments of heavy bonus for want of returns on them;
- (d) if so, the details of such policies; and
- (e) the steps taken by the Government to safeguard the interest of investors?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND Company Affairs(SHRI ANANDRAO ADSUL)

(a) LIC invests its funds as per Section 27A of the Insurance Act, 1938 and IRDA (Investment) Regulations, 2000. The funds are invested in Central and State Government Securities, socially oriented and infrastructure scheme bonds, debentures, shares of PSUs, public limited companies and other avenues as indicated in the Act/Regulations. The Corporation is an investor in equities with a long term perspective for realising dividend income and capital appreciation for the policy holders. As on 31.3.2002, the book value of LICs investment (cumulative value since 1956) was about Rs. 2,15,392 crores.

(b) The investment income of the Corporation in the financial year 2001-2002 was approximately Rs. 22,600 crore, including a gain of Rs. 723 crore from sale of equities.

(c) to (e) During the last three years there has been a decline in the yield earned by the LIC on its funds. The policies issued by LIC under some of its plans stipulate for guaranteed additions to the sum assured. These policies will continue on the same terms. However, the sale of new policies under these plans has been discontinued. Some of these plans have been re-introduced with revised benefits. The plans withdrawn are :

During 2001-2002 New Bima Nivesh, Bima Nivesh 2001, Jeevan Shree, Bima Kiran, Jeevan Sanchaya and Money Back Children Assurance.

During 2002-2003 Jeevan Griha Double and Triple Cover.

The plans re-introduced with revised benefits are New Bima Kiran, New Jeevan Shree, Komal Jeevan, Jeevan Samridhi, New Bima Nivesh and Bima Nivesh 2002. There is, however, no adverse effect/impact on the existing policies.