

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

UNSTARRED QUESTION NO:826

ANSWERED ON:21.02.2003

PHASING OUT OF SCHEME OF LIC

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

- (a) whether the LIC has again decided to phase out some assured return schemes recently;
- (b) if so, the details in this regard;
- (c) the reasons for phasing out such schemes; and
- (d) the steps taken by the Government to ensure that the faith of investors is not eroded on insurance companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBAADSUL):

(a) to (d) The Life Insurance Corporation of India (LIC) reviews their portfolio of products regularly/ continuously to ascertain their financial viability. The withdrawal/ revision of an existing plan depends on circumstances/factors such as long term interest rates available in the market, expense experience, changing needs of the customers etc. The Corporation has informed that they have reviewed their existing portfolio and have decided to withdraw 3 plans w.e.f. 15th February, 2003. These are Limited Payment Life Policy (Without Profits) - Table No.3; Limited Payment Life Policy by Single Premium (Without Profits) - Table No.7 and Double Endowment Policy (Without Profits) - Table No. 18. The Limited Payment Life Policy provides for the payment of the Sum Assured only in the event of death. Under Table 3, the proposer/life assured has the option of selecting the premium paying term from 5 to 25 years according to his/ her convenience. Under Table 7, the entire premium is to be paid in the lump sum as a Single Premium. The Double Endowment Policy provides for the payment of double/twice the basic sum assured on maturity. However, on death during the term only basic sum assured is payable.

The reasons for withdrawal of these plans are reduction in investment returns and non-sustainability with existing premium rates. However the commitment under life insurance policies issued before withdrawal will be honoured by LIC as per policy conditions.