
CHAPTER - II

HISTORICAL DEVELOPMENT OF

LIFE INSURANCE CORPORATION OF INDIA

- 2.1 Introduction
- 2.2 Establishment of LIC
- 2.3 Capital of the Corporation
- 2.4 Objectives of LIC
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- 2.7 Growth of Life Insurance Corporation
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2.1 INTRODUCTION :

This chapter deals with the origin of Life Insurance Corporation of India and its establishment in the year 1956.

The chapter also deals with the objectives & functions of Life Insurance Corporation of India. It also includes the development of LIC during three decades. The organisational set-up of Life Insurance Corporation of India is also discussed in brief.

2.2 ESTABLISHMENT OF LIC :

The Life Insurance was carried on by 245 insurance companies and provident societies operating in 97 centres before 1956. ' The entire nation was taken aback on that fateful day of January 19, 1956 when it heard the historic broad-cast of Dr. C.D. Deshmukh, the then Finance Minister, nationalising life insurance business in India.¹ While expressing the benefit of LIC he said, " The nationalisation of Life Insurance will be another milestone on the road the country has chosen in order to reach its goal of socialistic pattern of society. In the implementation of the Five Year Plan, it is bound to give material assistance. Into the lives of millions in the rural areas, it will introduce a new sense of awareness of building for the future in the spirit of calm confidence which insurance alone can give. It is a measure conceived in a genuine spirit of service to the people. It will be for the people to respond, confound the doubters and make it a resounding success. "²

The Life Insurance Corporation Act (Act XXXI of 1956) was passed by the Parliament in June, 1956 and it came into force on 1st July, 1956. ' By this Act, all the assets & liabilities appertaining to the Life Assurance business of all registered insurance companies in India and abroad were to be transferred to and vested in the Life Insurance Corporation of India from the appointed day. In this way the Life Insurance Corporation of India came into existence on the 1st September 1956.'³

2.3 CAPITAL OF THE CORPORATION :

The capital of the Corporation is fixed Rs. 5 Crores. All capital is provided by Central Government after due appropriation made by the Parliament by law for the purpose and the terms and conditions relating to the provisions of such capital shall be such as may be determined by the Central Government.

2.4 OBJECTIVES OF LIC :

Right from the first day, the mission entrusted to the Life Insurance Corporation of India was clear. In fact it is epitomised in its motto " Yogaksheman Vahamyaham" (" Your Welfare is my responsibility".)

There are other objectives, explicit or implicit in the Life Insurance Corporation Act, 1956. They are as follows:-

i) Spread Life Insurance much more widely and in particular to the rural areas and to the socially and economically backward classes with a view to reaching all

insurable persons in the country and providing them adequate financial cover against death at a reasonable cost.

ii) Maximise mobilisation of people's savings by making insurance-linked savings adequately attractive.

iii) Bear in mind, in the investment of funds, the primary obligation to its policy-holders, whose money it holds in trust, without losing sight of the interest of the community as a whole, the funds to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive return.

iv) Conduct business with utmost economy and with the full realisation that the moneys belong to the policy-holders.

v) Act as trustees of the insured public individual and collective capacities.

vi) Meet the various Life Insurance needs of the community that would arise in the changing social and economic environment.

vii) Involve all people working in the Corporation to the best of their capability in furthering the interests of the insured public by providing efficient service with courtesy.

viii) Promote amongst all agents and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of corporate objectives.⁴

2.5 FUNCTIONS OF LIC :

In the Life Insurance Corporation Act, 1956, the functions of Life Insurance Corporation are as follows :-

i) Subject to the rules, if any, made by the Central Government in this behalf, it shall be the general duty of the Corporation to carry on Life Insurance business, whether in or outside India, and the Corporation shall so exercise its power under this Act as to secure that Life Insurance business is developed to the best advantage of the community.

ii) Without prejudice to the generality of the provisions contained in sub-section (1) but subject to the other provisions contained in this Act, the Corporation shall have power -

- a) to carry on capital redemption business, annuity certain business or reinsurance business in so far as such reinsurance business appertains to Life Insurance business;
- b) Subject to the rules, if any, made by the Central Government in this behalf, to invest the funds of the Corporation in such manner as the Corporation may think fit and to take all such steps as may be necessary or expedient for the protection or realisation of any investment, including the taking over of and administering and property offered as security for the investment until a suitable opportunity arises for its disposal;

- c) to acquire, hold and dispose of any property for the purpose of its business ;
- d) to transfer the whole or any part of the Life Insurance business carried on outside India to any other person or persons, if in the interests of the Corporation it is expedient so to do ;
- e) to Advance and Lend money upon the security of any movable or immovable property or otherwise;
- f) to borrow or raise any money to such manner and upon such security as the Corporation may think of it ;
- g) to carry on either by itself or through any subsidiary any other business in any case where such other business was being carried on by a subsidiary of an insurer whose controlled business has been transferred to and vested in the Corporation under this Act ;
- h) to carry on any other business which may seem to the Corporation to be capable of being conveniently carried on in connection with its business and calculated directly or indirectly to render profitable the business of the Corporation ;
- i) to do all such things as may be incidental or conducive to the proper exercise of any of the powers of the Corporation ;

iii) In the discharge of any of its functions the Corporation shall act so far as may be on business principles.⁵

2.6 INVESTMENT PATTERN OF LIC :

The pattern of investment of LIC was until recently governed by Section 27A of Insurance Act, 1938. According to the provisions of Act, the Corporation was required to invest at least 50 percent of its controlled funds in Central and State Government securities and other approved securities, 35 percent in other approved investments and the remaining 15 percent in unapproved investments, as decided by the investment committee of Corporation.

PRESENT PATTERN OF INVESTMENT :

The journey from 1.9.1956 to the present has indeed been a long march. The funds at the command of the LIC have grown from about Rs. 365 Crores as at 1.9.1956 to Rs. 12,666 crores as on 31.3.1986.

The investment in Government securities is about 56%. Ultimately this money also finds its way into developmental activities like industry, for building the infrastructure, like electricity or transport essential for industrial growth and also for development of housing, providing drinking water, sewerage disposal facilities and such other essential conveniences which will improve the quality of life.

' Thus a total of about 83% of the funds generated by LIC are utilised either directly by it or indirectly through

Government agencies in the development of socially oriented ventures.' ⁶

The investment of the Corporation in Private Industry by way of investment in shares, debentures or through term loan, is about 10% of its total funds. Corporation's investment in the Private Corporate Sector industries has gone mainly to the core sector industries like iron & steel, cement, paper, drugs, & pharmaceuticals, dyes and chemicals and engineering.

2.7 GROWTH OF LIFE INSURANCE CORPORATION :

Life Insurance Corporation rendered 30 years service on 1st September, 1986. During the three decades of its existence, LIC has striven hard to meet its obligations to further the people's welfare - by mobilisation of savings and investment of funds for development of the nation. In this period LIC has made remarkable progress.

(A) Growth Of Individual Assurance:

There is remarkable growth from 1957 to 1986 in case of individual business.

Table 2.1Growth Of Individual AssuranceNew Business

| Year | No. of Policies (in lakh) | Sum assured(Crores) |
|---------|---------------------------|---------------------|
| 1957 | 8.16 | 283.07 |
| 1981-82 | 21.06 | 3492.89 |
| 1982-83 | 22.35 | 3994.77 |
| 1983-84 | 23.71 | 4415.28 |
| 1984-85 | 27.05 | 5398.57 |
| 1985-86 | 32.94 | 7088.45 |

Source - Annual Reports of LIC.

The figures given in Table 2.1 show that in the year 1957 number of policies was 8.16 lakh, sum assured was 283.07 crores but in the year 1986 number of policies was 32.94 lakh and sum assured was 7088.45 crores. This amount was 25 times of the amount in the year 1957.

(B) New Business in Rural Areas :

The 2.2 throws some light on the spread of business in rural areas. It has been around 35% most of the years of those who take policies with LIC, more than 65% do so for the first time, which is a fairly good index of the spread of insurance. In 1960, policies with sum assured of Rs. 5000/- or less constituted as much as 81.60% but this steadily declined to 19.8% in 1986.

Further, even in the year 1986, about 44% of our policy holders went in for policies with sum assured of Rs. 10,000/- while 80% had taken policies of sum assured not more than 25,000/-. As on 31st March, 1986, 96.6% of our policies were issued for Rs. 50,000/- or less. All these data, therefore, suggest that the majority of the policy holders of LIC come from the " Middle Class."

Table 2.2

Rural Business, First Insurance & Other Features

of New Business (Ind - assu)

| Year | Rural Business | | First Instances | | Proportion of Policies | | |
|---------|-----------------------------|--------------------------------|-----------------------------|---------------------------------|------------------------|-----------------------|------------------------|
| | No. of policies (in lakh) | Proportion (% of new Policies. | No. of policies (in lakh) | Proportion (% of new Policies. | S.A. Rs.5000 or less | S.A. Rs.10000 or less | S.A. Rs. 25000 or less |
| 1960 | - | - | - | - | 81.60 | 94.00 | 99.00 |
| 1980-81 | 5.80 | 29.7 | 12.59 | 64.4 | 34.40 | 63.90 | 89.70 |
| 1981-82 | 6.89 | 32.8 | 13.60 | 64.7 | 31.50 | 60.40 | 87.30 |
| 1982-83 | 7.33 | 32.9 | 14.25 | 63.8 | 28.50 | 57.20 | 86.00 |
| 1983-84 | 8.30 | 35.1 | 15.88 | 67.0 | 26.70 | 54.10 | 84.60 |
| 1984-85 | 9.52 | 35.3 | 18.54 | 68.7 | 23.60 | 49.70 | 83.00 |
| 1985-86 | 12.27 | 37.3 | 22.89 | 69.7 | 19.80 | 49.90 | 8.10 |

Source - Thirty years of service of LIC.

(C) Growth Of Business Under Group Schemes :

The business-in-force of Group Insurance Schemes rapidly increased from Rs. 39.00 crores in 1967 to 11763.71 crores in 1986.

Table 2.3Growth of Business Under Group Schemes

| Year | No. of Schemes | Sum Assured (in crores) |
|------------|----------------|----------------------------|
| March 1967 | 259 | 39.00 |
| March 1977 | 1102 | 3,442.75 |
| March 1981 | 1443 | 5,960.32 |
| March 1982 | 1825 | 7,786.91 |
| March 1983 | 1969 | 8,972.04 |
| March 1984 | 2016 | 9,251.33 |
| March 1985 | 2351 | 10,218.56 |
| March 1986 | 2860 | 11,763.71 |

Source - Thirty years of service of LIC.

Table 2.3 reveals that the Group Insurance has been constantly and rapidly rising in India. It is a very good indicator of the popular form of Life Insurance which can be adopted to benefit the masses, individually as well as for the group.

(D) Mobilisation Of Savings :

There is a single, representative measure of success achieved by LIC in mobilising the saving of the community. And that is the premium income it has been able to garner. The following table 2.4 shows growth of Premium Income.

Table 2.4Growth Of Premium Income

| Year | Total Premium income (inclusive of group premium income) |
|------|---|
| 1957 | 89.00 |
| 1981 | 964.88 |
| 1982 | 1092.90 |
| 1983 | 1217.90 |
| 1984 | 1355.10 |
| 1985 | 1559.33 |
| 1986 | 1782.98 |

Source - Annual Reports. of LIC

Table 2.4 shows that the premium income tremendously increased from about Rs. 89 crores in the First Year of its operation to Rs. 1559.33 crores in 1985. And in the year ending 31st March, 1986, this has touched the Rs. 1783 crores mark i.e. nearly 20 times.

(E) Growth of Life Insurance Fund :

If the rate of increase of life insurance fund is progressive, it is undoubtedly a significant increase in life insurance business. Table 2.5 shows the significant increase of Life Insurance Fund.

Table 2.5Life Insurance Fund (Rs. in crores)

| Year | Total Fund |
|------|------------|
| 1957 | 410.47 |
| 1982 | 7562.61 |
| 1983 | 8631.72 |
| 1984 | 9800.38 |
| 1985 | 11191.09 |
| 1986 | 12665.95 |

Source - Annual Reports of LIC

The life insurance fund has been increasing at a faster rate during the period of 30 years. It is a very encouraging sign that the life insurance fund increased from Rs. 410.47 crores on 31st December 1957 to Rs. 12,665.95 crores on March 31st, 1986; i.e. more than 32 times.

(F) Lapse Ratio :

From time to time, the Corporation has been taking various steps to stem lapses. The lapse of policy is harmful

1986 12,665.95

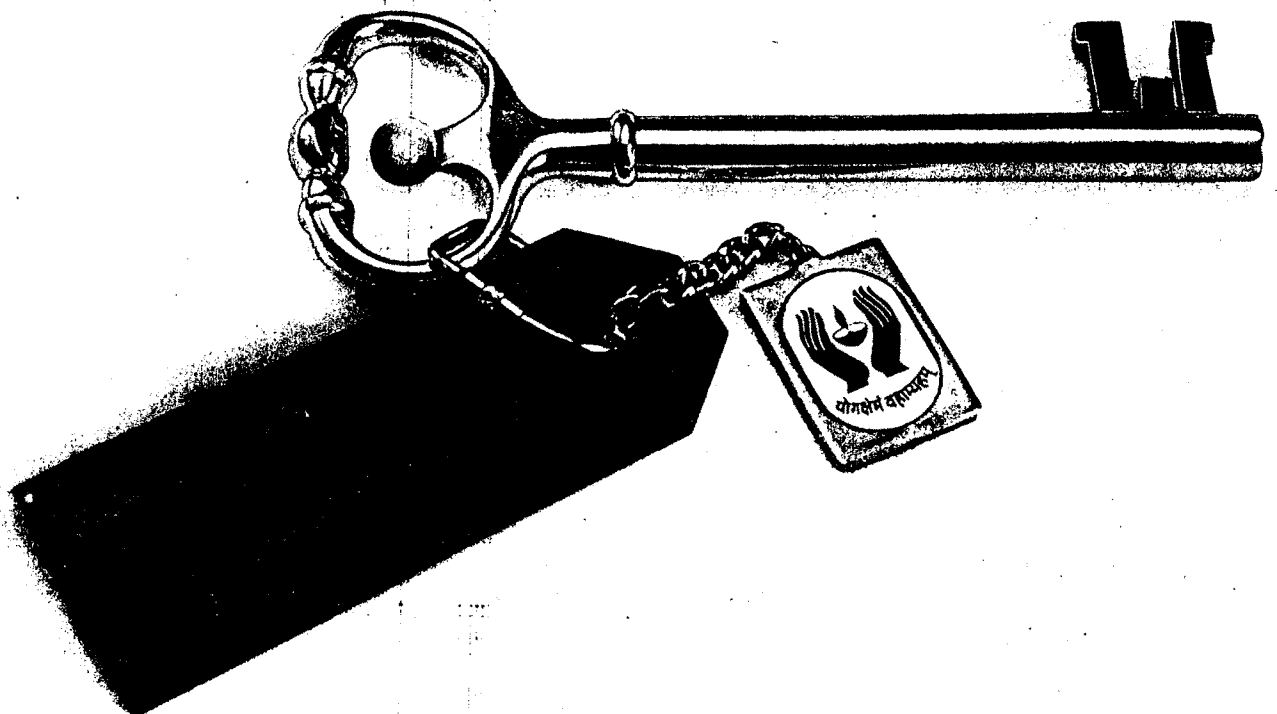
1985 11,191.09

1984 9,800.38

1983 8,631.72

1982 7,562.61

31 मार्च को स्थिति
Position as on 31st March



for the insurer as well as insured because the goodwill and reputation of the former decline whereas the benefits of insurance are not available to the latter one.

Table 2.6

Net Lapse Ratio

| Year | Net Lapse Ratio |
|------|-----------------|
| 1957 | 6.4 |
| 1963 | 8.1 |
| 1982 | 4.1 |
| 1983 | 4.3 |
| 1984 | 4.5 |
| 1985 | 4.2 |
| 1986 | 4.6 |

Source - Annual Reports of LIC

The above table 2.6 shows that the percentage of Net Lapses to mean life insurance business in force declined from the highest of 8.1 percent in 1963 to 4.6 percent in 1986. Even this percentage is very high and Corporation should minimise the Lapse -ratio.

(G) Claims - Settlement ;

The claim settlement is an indicator of the efficiency of LIC in meeting claims -obligation. The position of claim settlement is shown in Table 2.7 as follows:-

Table 2.7Claims -Settlement Operations (Rs. in crores)

| Period | Claims intimated | Claims settled | Percentage of claims outstand ing to claims payable |
|------------------|---------------------|-------------------|--|
| 31st Dec 1957 | 28.70 | 24.96 | 60.73 |
| 1965-66 | 58.57 | 57.72 | 29.73 |
| 1975-76 | 162.73 | 165.85 | 14.70 |
| 1981-82 | 372.63 | 376.58 | 14.35 |
| 1982-83 | 437.02 | 434.79 | 13.03 |
| 1983-84 | 517.28 | 508.99 | 12.64 |
| 1984.85 | 638.29 | 638.68 | 10.29 |
| 1985-86 | 722.02 | 728.80 | 8.36 |

Source - Annual report of LIC

It has been observed that percentage of outstanding claims to total claims intimated decreased from 60.53 percent in 1957 to 8.36 percent in 1986. It has a tremendous achievement in the field of claims -settlement.

(H) Economic Management :

The Insurance Act 1938, requires that " renewal expenses ratio of a life office should not exceed 15% of the renewal premium income. The expenses as a percentage to total

संख्या (लाखों में)
Number (in Lakhs)

1985-86 13.83

1984-85 13.46

1983-84 11.46

1982-83 10.35

1981-82 9.39

1985-86 728.80

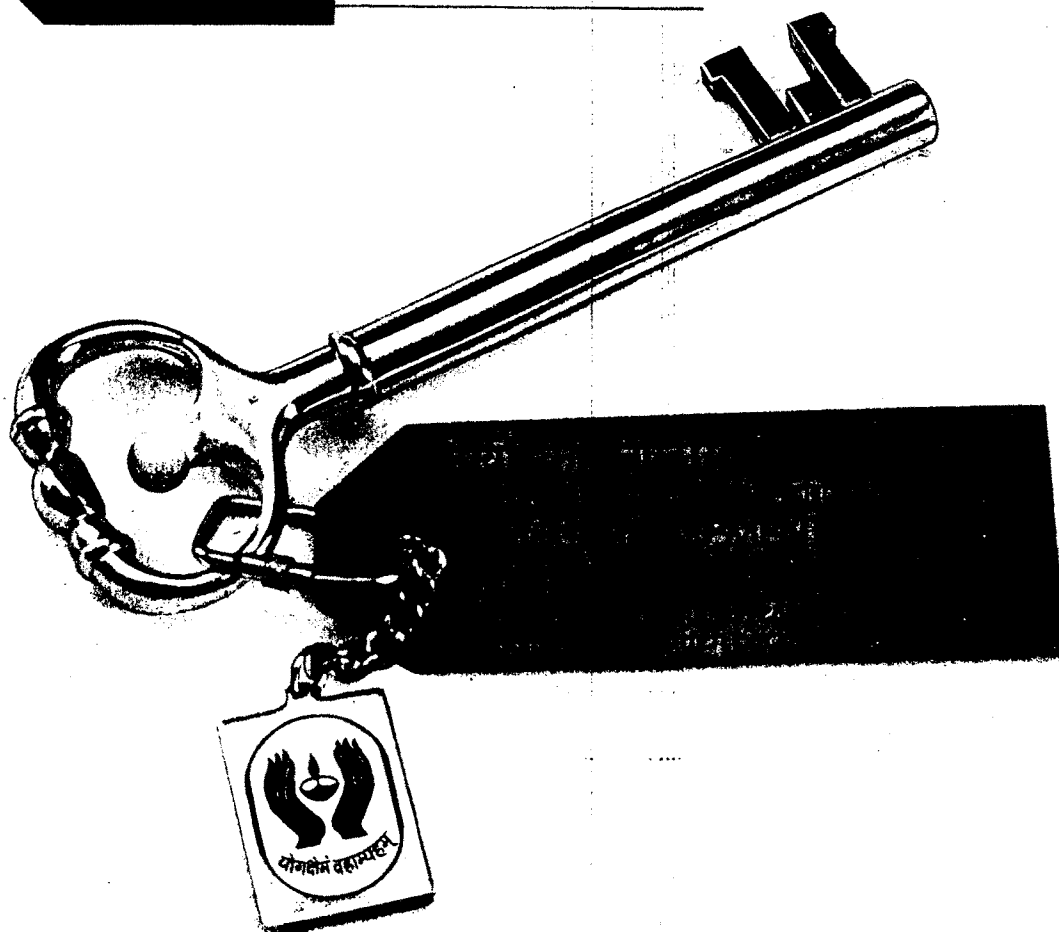
1984-85 638.68

1983-84 508.99

1982-83 434.79

1981-82 376.58

राशि (रुपये करोड़ों में)
Amount (Rs. in Crores)



premium should not increase. The overall expense ratio and renewal expense ratio are the important expense ratio.

Table 2.8

Expense Ratio

| Year | Overall expense ratio | Renewal expense ratio |
|------|-----------------------|-----------------------|
| 1957 | 27.20 | 15.89 |
| 1966 | 27.55 | 14.69 |
| 1975 | 30.45 | 18.97 |
| 1976 | 29.66 | 18.14 |
| 1982 | 23.37 | 11.75 |
| 1983 | 21.46 | 11.52 |
| 1984 | 22.37 | 11.16 |
| 1985 | 24.68 | 13.92 |
| 1986 | 25.62 | 13.51 |

Source - Annual Report of LIC

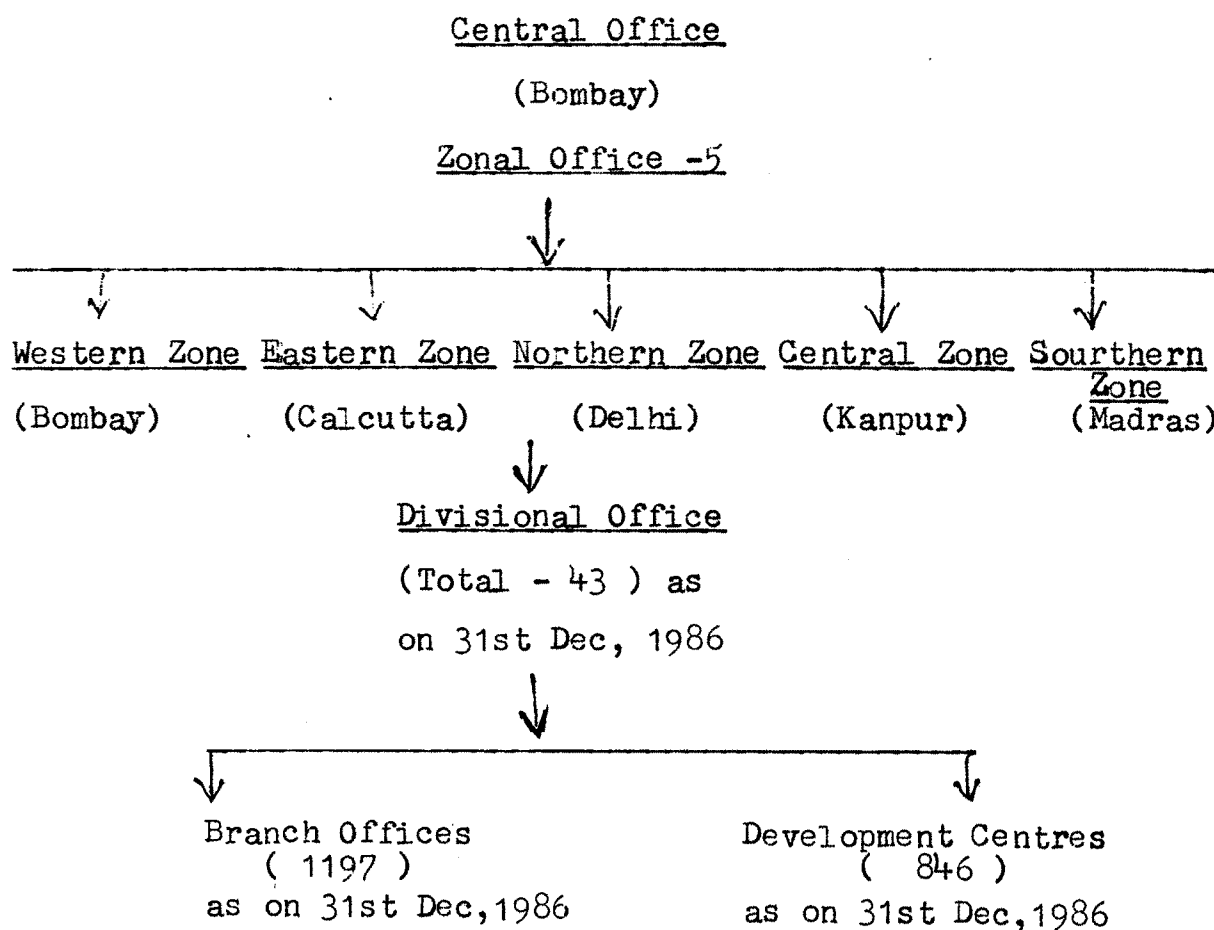
The above table 2.8 shows that the overall expense ratio had touched the highest figure of 30.48 percent in 1975 and declined to 25.62 percent in 1986. The renewal expense ratio also went down from 18.97 percent in 1975 to 11.16 percent in 1984. But again from 1985 the renewal expense ratio is growing up. However the renewal expense ratio is still within the statutory limit.

LIC has made its growth in various aspects of operation. But the growth of some important aspects is covered in this topic. The aspects are explained above.

2.3 ORGANISATIONAL SET-UP OF LIC :

The Life Insurance Corporation Act of 1956 gives broadly the pattern of its organisation. Before nationalisation it was found that most of insurance companies had their offices only in large cities like Bombay, Madras, Calcutta & Delhi etc. But LIC started its operations on a different basis. Decentralised functioning was the key note of its operations. Organisational structure envisaged by LIC Act consists of a four-tier structure. It is as under :

Organisational Chart of LIC



Growth of Human Resources :

With the expansion in the business of LIC, the growth of human resources has also taken place. Table 2.10 gives the relevant data.

Table 2.10Human Resources

| Year | Managerial Personnel | Other Admn. Personnel (Cl. III & IV) | Develop- ment Officers | Agents |
|---------|-------------------------|--|------------------------------|----------|
| 1961 | 2162 | 34,558 | 7128 | 1,55,900 |
| 1974-75 | 4209 | 46,030 | 8175 | 1,63,101 |
| 1981-82 | 4934 | 45,502 | 6281 | 1,24,589 |
| 1982-83 | 5207 | 48,297 | 6280 | 1,34,742 |
| 1983-84 | 6180 | 48,001 | 6649 | 1,46,473 |
| 1984-85 | 6190 | 48,740 | 7047 | 1,62,478 |
| 1985-86 | 6693 | 51,706 | 8084 | 1,89,496 |

Source - Thirty years of service of LIC.

Table 2.10 shows that there is remarkable growth in human resources. The human resources as on 31st March 1986 were Managerial Personnel 6693, Other Personnel 51,706, Development Offices 8084. There were 1,89,496 agents on the rolls of the Corporation as on 31st March, 1986. Out of whom, 1,72,542 have been active during the year.

LIC has its Central Office at Bombay and 5 Zonal Offices at (1) Bombay (2) Calcutta (3) Delhi (4) Kanpur (5) Madras. The Corporation has got 43 Divisional Offices, as on 31st December 1986 and 1197 Branch Offices and 846 Development Centres. Table 2.9 shows the growth of offices in India.

Table 2.9

Growth of Offices in India

| Period | No. of Divisions | No. of branches & Sub-Office | No. of Centres |
|------------|------------------|------------------------------|----------------|
| 1-9-1956 | - | - | 97 |
| 31-12-1956 | 33 | 216 | 172 |
| 1974-75 | 41 | 680 | 460 |
| 1980-81 | 42 | 826 | 549 |
| 1981-82 | 43 | 889 | 601 |
| 1985-86 | 43 | 1197 | 846 |

Source - Thirty years of service of LIC.

As on 31.12.1956, LIC was able to establish 33 Divisional Offices and 214 Branches which were operating 172 Centres. But as on 31.12.1986 LIC established 43 Divisional Offices and 1197 Branches which were operating 846 Centres. During the year 1985-86, 90 new Branch Offices were opened. Of these one branch was opened in DODA District (J&K) where there was no office hitherto.

Board of Directors:Chairman

The Corporation consists of members not exceeding 15 in number appointed by the Central Government, one of whom is appointed as the Chairman. The Chairman is the Chief Executive of the Life Insurance Corporation. Mr. A.S. Gupta is a Chairman of LIC as on 31st December, 1986.

Managing Director

The Life Insurance Corporation may appoint one or more whole time Managing Director who will exercise all such powers and perform such duties as may be entrusted to him by the Executive Committee of LIC. As on 31st Dec, 1986 there are two Managing Directors :

- (1) Shri C.R. Thakore
- (2) Shri R. Narayanan

Executive Committee

General Superintendence and direction of the affairs of business of LIC is entrusted to the Executive Committee. The ' Investment Committee ' is constituted for advising the Corporation in matters pertaining to investment of funds. It is composed of not more than 7 members of whom 3 are members of the Corporation and the others are persons having special knowledge and experience in financial matters. Other Committees assisting the Corporation are :

- 1) Personal Advisory Committee
- 2) Building Advisory Committee
- 3) Development Advisory Committee
- 4) Budget Advisory Committee

The Chairman of the Corporation is the Chairman of all these Committees.

CENTRAL OFFICE

The Central Office of the Corporation is located at Bombay. The Central Office confines itself mainly to giving broad policy directions and decisions and co-ordinates the activities of the various divisions. It has direct executive responsibility over a limited field. Investment policy and investing of funds in accordance with that policy are the sole responsibility of the Central Office. Inspection of the various offices and also internal auditing of the various offices are also done by the Central Office. In general, policy decisions are made by the Chairman of the Corporation with the help of the Executive Committee and various other committees referred to above, and they are assisted by the various departments of the Central Office.

DEPARTMENTS OF CENTRAL OFFICE

The Central Office has the following departments :-

- 1) Development Department -

Development Department deals with the planning of the

development of new business, opening up of new offices, matter relating to development officers and agents who constitute the external wing of the organisation. The agents have an important role in the development of insurance in this country. The services by the agents to the insuring public will have a dual effect of enhancing the prestige of the organisation as well as the individual reputation of the agents. It will also help the tremendous development of insurance business. The development officers of the Corporation are to assist their agents in matters connected with procurement of new business and other relevant functions. The agents and development officers constitute an important wing of the Corporation.

2) Publicity and Public Reactions -

The overall publicity arrangements and the maintenance of public relations is effected by publicity and Public Relations Departments situated at the Central Office.

3) Account Department -

The Accounts Department is to co-ordinate and consolidate the accounts of various units of the Corporation. Generally, a divisional office is the basic accounting unit. The accounts department also reviews the various accounting procedure of the Corporation. It is also concerned with the preparation of the budgets of the various operating offices and effecting budgetary control.

4) Legal Department -

The Legal Department has the responsibility to advice other departments on legal issues and to look after the conduct of the litigations in courts.

5) Investment Department -

The Investment Department of the Central Office is concerned with the day to day management of the various investments of the Corporation.

6) Building Department -

The Building Department has the responsibility of of planning and executing the buildings/construction programme and the development of Corporation's properties including its general maintenance.

7) Internal Audit and Inspection Department -

The Internal Audit Department has to make concurrent audit of the transactions of the Corporation in the light of the administrative policy standards and procedures laid down. The inspection department is responsible for the periodic inspection of the various offices. This department ensures that the practice in the various offices of the Corporation is in tune with established principles and manuals.

8) Actuarial Department -

The Actuarial Department is in charge of the various actuarial aspects of insurance. These include the premium

rates, terms and conditions of Life Insurance policies including group insurance a constant review of the underwriting methods and standards at various offices as well as administrative procedures in the matter of underwriting and policy holder's servicing, actuarial research relating to mortality investigation, medico-actuarial investigations, expenses analysis, lapse investigations, actuarial valuation, reinsurance etc. It has also the responsibility of submitting the various relevant statutory returns in terms of the L.I.C. Act and Insurance Act.

DIVISIONAL OFFICE

There are 43 divisional offices in India (as at 31st March 1986) with definite territorial jurisdictions and they are concerned with the development of new business in their respective areas and also are responsible for the complete servicing of the assurance policies from the time of the acceptance of the proposal of settlement of claims. The maintenance of accounts of the various transactions is also their responsibility.

DEPARTMENTS OF DIVISIONAL OFFICE

The divisional office has the following departments -

(A) Development Department -

Development Department deals with the execution of development programme of the whole division, supervision and control of branch offices, maintenance of business records of

agents, appointments of development officers, advice and instructions to branch offices, budgetary control over branch organisation, consideration of complaints from the public etc.

(B) Policy-holder's Servicing Department -

All policy servicing after the stage of issue of policy upto the settlement of claims which includes issue of premium notices, maintenance of policy registers, registration of nominations and assignments, dealing with lapsed policies, loans and surrender transactions, settlement of claims, maturity and death claims and making other payments under the contract.

(C) New Business Department -

New Business Department deals with appointment of medical examiners, maintenance of medical examiner's records, the age admission at the proposal stage, printing and issue of policies and all other matters connected with the underwriting of new business.

(D) Cash and Accounts Department -

This department is concerned with the scrutiny of branch cash income and imprest statements, maintenance of all ledger accounts and preparation of trial balance, control of suspense accounts, reconciliation of bank accounts and operation of divisional office bank accounts.

(E) Establishment Department -

Establishment Department deals with maintenance of service records of all employees in the division, dealing with

all personal problems under the direction of central office, supply of stationery and literature to different departments and branch offices, inward and outward mail, collection of rent, payment of taxes, maintenance of house property and other housekeeping matters.

(F) Machine Department -

This department is concerned with maintenance of upto date basic information of various policies in the punched card files, printing and issue of policies, preparation of premium receipts, notices and commission bills and compilation of various statistical returns for the purpose of statutory investigations and other useful statistics for management.

(G) Legal and Mortgage Department -

This department deals with the legal affairs to be attended to by the divisional office as well as the sanction of mortgage loans under Own Your House Scheme and other connected matters.

BRANCH OFFICE

As on 31st March 1986 there are 1197 branch offices all over India. They are under the jurisdiction of the various divisional offices. Branch Offices as stated earlier are also in the process of transition from merely business producing and selling wings of the organisation to that of an office giving complete service to its policy-holders within the branch area in all matters from the inception of the policy till the settlement of claims.

The account sections of the branches are concerned with the maintenance of daily cash income book and cash paid book, reconciliation of imprest cash account, maintenance of collecting bank's accounts and their reconciliation.

The policy-holder's servicing section is concerned with the maintenance of policy registers, collection of premium, payment of first loans upto Rs. 5000/- and other payments authorised by the divisional office.

The development section of the branch is concerned with matters relating to agents and development officers and their business progress.

The new business section of the branch deals with scrutiny and registration of proposals under medical scheme, issue of first premium receipts, settlement of medical fees and maintenance of medical examiner's records.

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