

Bill Summary

The Life Insurance Corporation (Amendment) Bill, 2009

- The Life Insurance Corporation (Amendment) Bill, 2009 was introduced on July 31, 2009 in the Lok Sabha by the Minister of Finance, Shri Pranab Mukherjee. The Bill was referred to the Department related Standing Committee on Finance (Chairperson: Dr Murli Manohar Joshi), which is expected to submit its report within three months.
- The Bill amends the Life Insurance Corporation Act, 1956, which had nationalised the life insurance business by transferring all life insurance business to the Life Insurance Corporation of India (LIC). The Act also regulates the insurance business of LIC.
- The Bill increases the paid up equity capital of LIC to Rs 100 crore from Rs 5 crore. The amount may be enhanced by the central government by notification.
- Instead of every two years, LIC shall be investigated by actuaries every year. The investigation shall be into the financial condition of LIC, including a valuation of the liabilities of LIC.
- The Act states that the central government guarantees the amounts assured by the policies of LIC. The Bill amends it by stating that the extent of the guarantee shall be determined by the central government.
- The Bill amends the regulations with regard to utilisation of surplus from any investments undertaken by LIC. It allocates 90 percent or more of such surplus as the central government may approve for the life insurance policy holders of LIC. A prescribed percentage of the remaining surplus shall be credited to a separate account maintained by LIC. It shall be utilised for such purpose as specified by the central government. The remainder shall be paid as dividend.

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