

Seventeenth Loksabha

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Title : Regarding draft proposal of IRDAI for LIC

Shri Rajmohan Unnithan (KASARAGOD): Speaker Sir, the Life Insurance Corporation has been functioning for the past 66 years in India successfully. Today, the LIC has more than 75 per cent of the market share. It employs more than 12.5 lakh people throughout the country. Unfortunately, the Insurance Regulatory and Development Authority of India (IRDAI) has come up with a draft proposal that will adversely affect the future of the LIC. The detrimental clause of the proposal aims to hit hard on the commission of the LIC agents by linking it with management expenses and reducing the maximum commission of the agents from 25 per cent to 20 per cent. Sir, it doesn't stop here. By giving rebates on policy premiums purchased directly from the insurer, it is striking down the role of agents, who are the key players in this sector. Sir, the LIC is spread over the length and breadth of the country, including the deepest rural pockets where no company and their agents exist. If the IRDAI's proposal comes into implementation, it would gravely harm the whole LIC sector and will demotivate the agents, who will eventually be driven out of the sector. This can create a situation of mass unemployment in the country. Hence, I request the Ministry of Finance to look into the matter and withdraw the unjust proposal of the IRDAI.