

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2512
ANSWERED ON:08.12.2006
LAPSE INSURANCE POLICIES
Nahata Smt. P. Jaya Prada

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that a large number of insurance lapsed every year;
- (b) if so, the details thereof; and
- (c) the corrective steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): The Life Insurance Corporation of India (LIC) has reported that around 5% of its policies lapse every year and details of the policies which lapsed during the last three years are as under:-

Year	Mean Business	Number of policies	%lapsed
	in force	lapsed during the year	

2003-04	14,63,53,01	76,37,200	5.22
2004-05	15,84,36,032	85,33,424	5.39
2005-06	17,12,57,388	95,50,596	5.58

(c): LIC has reported that it has taken following corrective steps in this regard:-

- (i) Premium Notices for payment of premium are sent one month before the due date.
- (ii) First Lapse Notice is sent after three months in case, the premium is not paid on due date.
- (iii) Final Lapse Notice is issued after six months in case, the premium is still not paid.
- (iv) Floating of Special Revival Campaign.