L.I.C. – DISCOUNTING THE ASSURED

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"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

—EUGENE BLACK

INTRODUCTION

For a long time, there has been considerable consumer dissatisfaction over the functioning of the Life Insurance Corporation of India. Being a monopoly, that too a State one, the response to consumer requirements has not been adequate. This is not the fault of men at the helm of affairs, but of the systems. Monopolies are bad, and State monopolies no different from privately owned ones, as experience all over the world has demonstrated.

While consumer discontent has been growing, a well-documented study by Prof. Manubhai D. Shah of Ahmedabad under the title, "A Fraud on Policyholders" in 1978, brought matters to a head. It aroused a countrywide discussion. Eventually, bowing to public opinion, the Government of India appointed a Committee to go into these matters. The Report of the Committee is awaited. This booklet reproduced an informative and thought-provoking article on LIC which is of use not only to policyholders but also to the general public in understanding how there is a built-in bias against consumers in State monopolies. In the light of ideological demands for nationalisation of more sectors of the economy, it is necessary for the public and policyholders to take lessons from the working of existing nationalised industries.

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Before nationalisation of the life insurance business in 1956, there were 245 private insurance companies. Leaving apart the exceptions, most of them worked unsatisfactorily. They charged high premiums and delayed downward revision of their premium rates without assigning any cogent reason. The bonus and other benefits extended by them to policyholders were inadequate. There were any number of complaints against their service and fast rising operating costs. Their investment and employment policies too were not in tune with social aspirations.

To remove those defects, the Life Insurance Corporation of India (LIC) came into existence on September 1, 1956 under section 3 of the LIC Act, 1956. LIC has now completed 22 years of existence. The time is, thus, opportune for evaluating its work in order to find out whether it has lived up to the expectations of its creators.

Mr. C. D. Deshmukh, the then Union Minister, promised cheaper insurance, better quality of service, higher efficiency and growth-oriented investment and employment policies.

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How far has LIC fulfilled those promises?

The cost of insurance to the people is the premium payable by them. It is well known that the premium charged to the policyholder is closely related to the mortality rate. A simple example can be taken by way of illustration: If the mortality experience shows to an insurance company, that out of every 100 policyholders 20 die before the maturity of the policy, then it has to fix the premium rates in such a way that the loss of premium income owing to those 20 premature deaths would be made good. It is then possible for the insurance company to pay the claims of all without any difficulty. If, however, the premature deaths are only 10 per one hundred, then the loss of premium income would be reduced. In that case, the insurance premium chargeable to all would be lower. In this way, with every improvement in the mortality rate, a justifiable case exists for reducing the premium rates.

It is conceded that mortality rate improves almost continuously but the premium rates cannot be changed often. They are altered every 10-15 years in countries like the U.K. and the U.S.A. Of course, a downward revision is made earlier if needed. But this does not seem to be the practice followed by the LIC. The mortality rate in India has improved substantially in the recent past, but LIC's premium rates have remained unaltered.

LIC's present premium rates are broadly based on Oriental rates. In fact, LIC's rates are lower than the Oriental rates by one rupee per one thousand sum assured. The Oriental rates were based on the actuarial investigation conducted during the decennial 1925-35. Granted that the Modified Oriental (1925-35) Ultimate Mortality Table used by the LIC is a higher mortality table and hence, it incorporates to some extent the improvement in the mortality experience. But as compared to 1935, medical amenities available to the common man have increased. This is particularly so in respect of LIC's policyholders who are better off than the average Indian.

Consequently, the average expectation of life has increased. The death rate has also shown a marked decline. Between 1921 and 1930, the average life expectancy was only 26.91 years. It is now over 58 years. In the 1920's the death rate was 36.3 per 1,000. By 1976, it had fallen to only 13 per 1,000. In view of this, the Oriental (1925-35) Ultimate Mortality Table completely misrepresents the present mortality rate obtaining in our country.

To convince itself on this point, the LIC carried out a survey of the mortality experience for the year 1953-54. As expected, it was found that the actual deaths during the said period were only 45 per cent of what was expected on the basis of the above-mentioned table. To confirm the same conclusion, the LIC conducted in 1962, another survey of the mortality of assured male lives. It covered nine major integrated head office units. The survey was fairly comprehensive, for it covered about 75 per cent of the entire business-in-force of all the insurance companies before nationalisation. The preliminary results of the survey were made available to the people.

It was again confirmed that by 1961, the mortality rate had vastly improved as compared to 1925-35. The Chairman of the LIC in his statement of November 25, 1963 had himself stated : "The results of this investigation confirm that there has been considerable improvement in the mortality of assured lives in India, since the publication of Oriental's 1925-35 experience." The final results of that survey were not published. There is a lurking suspicion that the LIC is reluctant to publish the final results because they are highly embarrassing to it.

A third survey of the mortality experience of lives assured with the divisional offices of the LIC also confirmed those findings. How many more surveys does the LIC intend to carry out to confirm the obvious? Should a nationalised corporation indulge in such wasteful exercises?

The actuaries in their 10th valuation report also said, "During the inter-valuation period, the actual death strain under whole life and endowment plans was 43 per cent of the expected death strain on the basis of the mortality table used in the valuation i.e. modified Oriental (1925-35) Ultimate Mortality Table." The said report refers to the period April 1, 1973 to March 31, 1975.

LIC's annual reports also confirm an improvement in the mortality rate. In 1956-57, out of the total claims, 27 per cent were on account of deaths. By 1978, such claims had fallen to 23 per cent, registering an improvement of 15 per cent.

It may not be desirable to compare the LIC's premium rates with those charged by insurance companies in the West. In those countries, medical, living and health standards are very high. The average life expectancy is also above 70 years. Generally, one obtains an insurance policy which would mature by the time one reaches 60 years of age. By that time, on an average, no policyholder is expected to die in western countries. Hence, those insurance companies generally keep their premium rates quite low. The LIC cannot obviously go to that extent in reducing its premium rates. But the comparison of LIC's premium rates with those of the postal life insurance (PLI) would be quite in order as both function in exactly the same conditions. It is found that for similar plans, the premium rates charged by the PLI are lower by 18-20 per cent than those charged by the LIC.

It may be pointed out that in 1969, the Working Group of experts specially appointed by the Administrative Reforms Commission had recommended an instant reduction of 25 per cent in LIC's premium rates. In view of further improvements in the mortality experience during the subsequent nine years, it is felt that LIC's premium rates can be brought down by at least 40 per cent now.

The LIC argues that a repeated downward adjustment of the premium rates is not prudent from the point of view of strict financial and business principles. The argument is not correct as the change in the premium rates, if made now, would be the **first in over two decades.**

The LIC further argues that the benefits accruable due to the reduced mortality rate would be passed on to the policyholders through increased bonuses. There is nothing wrong if this course is adopted. Already, there are strong inflationary pressures on our economy. If the LIC mops up the extra purchasing power with the people through higher premium rates — higher when related to the improvement in the rate of death — and makes it available to them at a future date, it would certainly be in the larger interests of the economy and the policyholders.

But here too, the LIC has not kept up its promise. What is still worse, the LIC is in an excellent position to pay a much higher bonus than what it actually does, but has chosen not to do so. Table I shows the bonus declared by the LIC. During its first year, LIC declared a bonus of Rs. 14 per one thousand sum assured on endowment policies and Rs. 17.50 on whole life policies. The rates of bonus for the subsequent four years were actually lower at Rs. 12.80 and Rs. 16 respectively. Before nationalisation, the erstwhile private insurance companies paid a much higher bonus, though those companies were very small compared to the LIC.

Western India, for example paid Rs. 20.80 as bonus on endowment policies. United India and Oriental paid Rs. 19.20. In case of whole life policies, Western India paid Rs. 26 as bonus. United India and Oriental paid Rs. 24. Last year, the LIC declared bonus at Rs. 22 and Rs. 25 on endowment and whole life policies respectively. Thus, even after 20 years, LIC's bonus rates are lower than the rates of Western India before 1956, in respect of whole life policies.

The PLI is decidedly a negligibly tiny concern compared to the LIC. Last year, LIC's new business was worth Rs. 5,806 crores as against the new business of Rs. 38.3 crores underwritten by the PLI. Still, PLI declared bonus at Rs. 33 and Rs. 25 per one thousand sum assured on whole life and endowment policies. Compared to it, LIC's performance pales into insignificance.

What is the quantum of bonus that could have easily been assigned to the policyholders for the biennium ended March 1975, of course, commensurate with the earning capacity of the LIC? The following calculation takes into account the principle that the LIC should not only be in a position to maintain that bonus in future, but also improve thereon in due course.

In their 10th valuation, the LIC's actuaries derived a surplus of Rs. 184.7 crores for distribution as bonus to policyholders. But they assumed that the net rate of interest earned by the LIC on its investment was 3.75 per cent. Actually, it was 6.29 per cent for the inter-valuation period of two years, 1973-75. Thus, the **assumed** income from interest is less by Rs. 140.01 crores than the one **actually** obtained. Further, the assumed renewal expense ratio for those two years is

19 per cent for non-participating policies and 26.50 per cent for participating policies.

As the participating policies are given a share in the profits, a 6.5 per cent higher provision seems to have been made in their respect. Thus, the provision for the expenses in respect of both the types of policies as made in the 10th valuation is 19 per cent. Actually, the renewal expense ratio was 15.43 per cent and 19.64 per cent in 1973-74 and 1974-75 respectively. Thus, the provision for expenses is higher by Rs. 16.23 crores in 1973-74, but less by Rs. 3.27 crores in 1974-75. On the whole, the provision for expenses is higher by Rs. 12.96 crores for the inter-valuation period 1973-74 and 1974-75. Those expenses have already been made and audited too. Hence, there is no reason why the provisions for expense should not be exactly as the expenses actually were. The same is the case regarding interest provision. The interest has actually been realised by the LIC. Therefore there is no reason why the income from interest should be assumed lower than what it in fact is!

Thus, if the provisions for interest and expenses are assumed to be equal to the actual ones, the surplus available for distribution on bonus to policyholders would increase by Rs. 152.79 crores, i.e. by almost 83 per cent. The LIC could have thus declared a bonus of Rs. 32 per one thousand sum assured under endowment assurance and Rs. 40 per one thousand sum assured under the whole life assurance as against Rs. 17.60 and Rs. 22 actually declared during 1973-75.

It may be pointed out that the above calculation does not include the benefits which would flow to policyholders owing to the improvement in the mortality experience. This improvement is as high as 57 per cent continuously since 1964, todate. The continuation of the mortality basis at the same old level of 1935 provides a sufficient margin which will contribute handsomely to the profits in the future traceable to this source, as pointed out by LIC's own actuaries in their third valuation report for the period January 1, 1959 to December 31, 1961.

The present basis for valuation is stringent as the LIC's actuaries themselves have admitted in their second (p. 4) and third (p. 2) valuation reports. Still, the LIC continues to use the same basis unchanged since 1958. Let us now have a look at the benefits given by the LIC to its policyholders, in terms of the percentage of its total income. It is found that slowly but surely, the LIC has assigned a smaller and smaller percentage of its income to the policyholders by way of different benefits. During the first year of nationalisation, i.e. in 1957, the LIC had distributed 31 per cent of its total income to its policyholders. By 1978, the proportion had fallen to just 25.5 per cent. In 1973-74, it was still lower at 21.5 per cent.

In the USA, private life insurance companies assign as much as 53 per cent of their income for different benefits to their policyholders. In the U.K., this proportion is 40.45 per cent.

Even if the same 1957 percentage of the total income had been assigned for giving benefits to policyholders in 1973-74 and 1974-75, the surplus available for distribution as bonus to policyholders would have increased by Rs. 110.6 crores, enabling the LIC to raise the quantum of bonus at least by 59 per cent. By making its valuation unduly stringent, the LIC is giving itself an indirect inducement to be complacent about its growing expenses. By squeezing the policyholder to the maximum, the LIC is trying to increase its income and the life fund.

The LIC thereby hopes to keep its renewal expense ratio within the statutory ceiling of 15 per cent even when its expenses are rising faster than the increase in its business. During the last two decades, the life fund of private life insurance companies in the USA has grown by only 26 per cent, whereas the life fund of the LIC has grown by 46 per cent. The private life insurance companies in the U.K. are known to be the most conservative in the entire world. Even their life fund has grown by 40 per cent during the last decade.

It may be pointed out that the policy of keeping the growth rate of life fund under control is deliberately adopted by insurance companies in other countries. When the life fund grows at a slower rate, the increase in income also tends to be slow. Then the companies are compelled to keep a strict watch on their operating costs. This acts as an indirect inducement to improve the working efficiency constantly. The LIC is behaving exactly in an opposite manner. No wonder, LIC's growing expenses has become a headache!

The operating expenses of private life insurance companies in the USA are 16.9 per cent of their income. In the U.K. the proportion is still lower at 12.23 per cent. In India, it is as high as 20.79 per cent and, what is worse, still showing a tendency to rise further. LIC's renewal expense ratio was 15.43 per cent in 1973-74. It went up steeply to 19.64 in the next year. Though the LIC succeeded in bringing it down to 14.92 per cent in 1976-77, it again went up to 15.65 in 1977-78. It must be pointed out that when the statutory limit of 15 per cent is exceeded, the LIC is required to approach the Government to seek exemption from the legal provision. The Government in turn is required to approach the Parliament for a similar approval. Instead of being exceptions, such instances are becoming routine with the LIC, which is constantly embarrassing the Government — its creators.

Why should the LIC find it difficult to keep its expenses under control? Clearly, it is neglecting th most important task of making full use of its man-power. This point was emphasised by the Estimates Committee of the Lok Sabha in its report of 1961. This can be seen from the following discussion:

The number of LIC's class I officers has increased sharply by 467 per cent from 903 in January 1957 to 4,221 in March, 1978. The ratio of class I officers to other members of the staff rose from 1:30 to 1:12 during this period. It means that in January 1957, there was one class I officer for supervising the work done by every 30 subordinate employees. By March, 1978, one class I officer was looking after only 13 subordinate employees. Thus, the LIC's class I officers are now doing less than half the work they (or their predecessors) did in January, 1957.

The LIC has never tried to find out if it was really justified in appointing so many class I officers and whether every one of them was provided with enough workload. Further, LIC should have also tried to find out if those officers were doing any work which could easily be entrusted to the subordinate employees or which was actually being done by the subordinate employees in the past.

When the LIC was formed, 245 different small private life insurance companies were amalgamated into one unit. This step was expected to lead to the rationalisation and improvement in office procedures. Unwanted competition was also automatically removed. A nationalised concern like the LIC was expected to command greater confidence of the people. A rapid expansion in LIC's business was, therefore, quite on cards. The overhead expenses of LIC were then expected to be spread over a much larger base and bring the unit cost of insurance business substantially down. Not only were these expectations not realised, but even stabilisation of LIC's expenses at the same pre-nationalisation level has now become an impossibility.

Improper use of manpower is one reason. Another cause of LIC's rapidly rising expenses is high payments to practically each category of LIC's employees. For example a Maharashtra Government peon gets Rs. 272 p.m., Central Government peon Rs. 314, nationalised bank peon Rs. 450, Shipping Corporation peon Rs. 650, Indian Oil peon Rs. 750, whereas the LIC peon gets Rs. 900. One is reminded of a recent cartoon which appeared in a national daily. A father is introducing his three sons to his guest. The father says, "This is my first son. He is a physician. This is my second son, who is an engineer. This, my third son, is however, the real bread-winner of the family. He is a peon in LIC!"

The service rendered to the policyholders is also deteriorating. In 1932, the Calcutta Policyholders' Association had to pass a special resolution pinpointing the attention of LIC to the poor service rendered by it. The Estimates Committee of the Lok Sabha (Chairman : Mr. H. C. Dasappa) found it necessary to devote a full chapter of its 134th report for discussing the various complaints against the LIC in the matter of service to policyholders. The number of complaints received by the central office of the LIC is increasing practically every year, vide table II. In 1977-78, there were 7,818 complaints apart from a large number received by the zonal offices.

Premium notices are not often sent in time. Of course, the LIC is not bound to send them. But as the LIC does send them, they should be sent in time. Alternatively, after giving sufficient notice to the policyholders, the practice should be discontinued and heavy expenses on postage, printing, stationery and clerical labour be saved. Only when the premium is not paid on due date, a reminder should be sent to the policyholder concerned.

There are delays in issuing stamped receipts particularly when the premium is paid through the recognised banker of the LIC or when it is sent by money order. Recently, LIC withdrew the facility given to policyholders of paying premium at any office of LIC, as it created a confusion in LIC's accounts. To avoid this, LIC should have streamlined its accounting procedures and not have withdrawn the facility completely. It would have been particularly useful to outstation policyholders.

For transferring policies from one office to another, LIC often requires as much as three months or even more. If, in the meantime, the payment of premium is delayed, the policyholder is called upon to pay a penalty for the delay. When the policy is in transit, payment of premium is bound to be delayed, as neither the old office to which the policy was attached, nor the new office to which the transfer of policy is desired accepts the premium. The minimum that LIC can do in such cases is to own the responsibility for delayed payment of the premium and not levy the penalty.

The worst aspect of LIC's service is the delay in the settlement of claims. Every year the outstanding claims are increasing. Just on the eve of nationalisation, such claims amounted to Rs. 9.29 crores. By 1977-78, they had increased to Rs. 32.26 crores — an almost 350 per cent increase in two decades. The representative of the Finance Ministry told the Estimates Committee that the position regarding outstanding claims made "bad reading".

The percentage of lapsed policies to the new business in the concerned year continues to be above five per cent. The best method of studying the phenomenon of lapses is to take into account the new business done during a particular year and follow it during the next few years. This is called "net lapse ratio" in insurance parlance as it shows how much of the new business lapses in the same calendar year, how much in the next year and so on. In India, LIC publishes such data for every four-year period. The net lapse ratio was 17.7 per cent before nationalisation. In 1974-75, it was 30.1 per cent. This is the latest year for which this ratio is available at present. It means that out of the new business of Rs. 3,112 crores contracted in 1974-75 as much as Rs. 933 crores (30.1 per cent) had lapsed by 1977-78. Is this not a heavy loss to the policyholders? The LIC does not seem to have taken any deterrent steps to reduce this loss. At least there is no indication of it in LIC's annual reports.

The LIC continues to neglect the vast rural area. Out of the total new business underwritten in 1977-78 (Rs. 5,805.66 crores), that from the rural area was just 8.5 per cent (Rs. 494.87 crores). In the previous year, this proportion was 10 per cent. At the time of nationalisation, the then Union Finance Minister promised on the floor of the Lok Sabha that LIC would take the insurance service to the doors of the people who need it. Does LIC think that its services are not required by the rural people? Here too, it does not appear to have initiated any special programmes for rapid expansion of its rural business.

From the point of view of the policyholders, the investment policy of the LIC needs to be such as would bring maximum returns. Here too, LIC's investment policy cannot bear scrutiny. Under section 27A of the Life Insurance Act, 1956, LIC has to invest 50 per cent of its investible funds in government and other approved securities. In fact, LIC has invariably invested much more than this, every year. In 1977-78, as much as 75.6 per cent of LIC's total investment was of this category. As is well known, the yield on government securities is the lowest in India at present. It was around five per cent in 1977-78.

Had the excess amount (i.e. excess over the statutory minimum of 50 per cent : Rs. 1,028 crores in 1977-78) been invested in preference shares where the yield was about nine per cent, LIC would have earned about Rs. 41 crores more in 1978. Not only did LIC fail to earn a handsome return on its investment, it had to provide for the loss sustained in the purchase of such securities. From AA on p. 58 of the LIC's annual report for the year ended 31st March, 1978, it is found that the difference between the book value (Rs. 11.48 crores) and the market value (Rs. 11.09 crores) of the Government of India securities was Rs. 39 lakhs. In the past, this difference used to be quite substantial. Thus for example, in 1967, it was almost Rs. 22 crores. It is feared that the accumulated loss of the Government of India securities sustained by LIC must be around Rs. 100 crores. Had the LIC stuck to the statutory minimum of 50 per cent as per section 27A, then at least a third of this loss could have been avoided.

It would have been of some consolation to policyholders, if LIC's investment had been at least strictly according to social priorities. On the eve of nationalisation, in his broadcast to the nation, Mr. C. D. Deshmukh, the then Union Finance Minister, had said in conclusion, "We have .... come to the conclusion that nationalisation of life insurance is essential for the implementation of our Plans and therefore, required in the public interest."

Thus, at the time of nationalisation, the investment policy of LIC was expected to be so geared as to help implementation of the five-year Plans. It means that the Plan priorities would also be investment priorities for LIC. Balanced development of different regions is an aim of our Plans. From that point of view, LIC was required to invest more in backward regions in preference to the developed regions. From the region-wise and statewise distribution of LIC's stock exchange investments, it is seen that invariably every year, LIC is investing comparatively much more in advanced regions like Maharashtra, Gujarat and West Bengal. On the other hand, backward regions like Bihar, Rajasthan, Assam, and Madhya Pradesh are being neglected comparatively.

How can the working of LIC improve? First, there should be decentralisation. At present, the divisional and regional offices of the LIC can do very little on their own. Every time even in minor matters where something needs to be done, the matter is required to be referred to the higher authorities, who have only the negative powers of not doing so many things while serving the policyholders.

The author could not get even a certificate showing the premium paid, from the district office of the LIC, for attaching with the income-tax return, though all the policies were being served by that office and premium received by it. The matter had to be sent to the higher authorities who took almost three months for issuing the certificate. By then the time limit for filing the income-tax return was over. On the other hand, application for housing loan against the mortgage of life insurance policies could be **promptly rejected** by the said district office. Why should LIC show a lack of faith in its officers' capacity for handling important matters on their own and taking proper decisions?

It must be pointed out that the LIC is paying a heavy cost for its rigid policy of concentrating powers at its central office. LIC's expenses on travelling have risen faster (732 per cent) than the increase in its premium income (674 per cent) since its inception. These expenses are on account of the tours involved in the inspection of branch offices and auditing accounts. These disproportionately high travelling expenses indicate a top-heavy administrative set-up. That is why the ARC had suggested the formation of smaller divisions and a decentralisation of powers. That would help LIC reduce its management expenses considerably.

Another gain would be better servicing of policies. A policyholder could approach the local office easily and get all his difficulties clarified and adjusted quickly. Payment of matured claims would also be prompt. Settlement of accounts would be easy and quick. LIC seems to be unwilling to implement this recommendation of the ARC, which was made almost a decade back. It is time for the Government to prevail upon LIC and compel it to implement the expert recommendations quickly and effectively.

Second, LIC's monopoly in life insurance business must be abolished and competition introduced. A healthy competition among different life insurance units for securing more and more business is the need of the day. It would also provide norms for judging the efficiency of life insurance business.

The ARC had suggested the breaking up of the present LIC into four-five different and independent units. This suggestion was made in 1969, when LIC's business-in-force was Rs. 5,671 crores. Now it is Rs. 17,942 crores. In future, it is expected to rise substantially higher. Comparative figures of other countries are available for the latest year 1973 only at present. It is found that in 1973, the ratio of life insurance business to the national income was just 26 per cent in India, both these figures being respectively Rs. 9,325 crores and Rs. 39,884 crores. In Japan, this ratio was

161 per cent, whereas in the USA, it was 150 per cent. In Australia and Canada, the percentage was respectively 123 and 154.

Thus, in the next few years, the life insurance business may be expected to rise by anything between 100 per cent and 150 per cent, raising the above ratio to 52 per cent or 65 per cent. In quantitative terms, the life insurance business-in-force may be between Rs. 36,000 crores and Rs. 45,000 crores in the next few years. We have seen above that the optimum size of life insurance business is reached in India when the business-in-force reaches the level of Rs. 3,571 crores or approximately Rs. 3,600 crores. On that basis, we will have to form about 10 independent units. It would be better if for bigger States like Tamil Nadu, Maharashtra, Karnataka, independent units are formed. Two or three smaller States may be combined and one unit may be formed for serving them as a whole.

TABLE 1

Bonus Paid by the LIC to Policyholders

Types of policies	1.1.56 to 31.12.57	1.1.58 to 31.12.61	1.1.62 to 31.3.63	1.4.63 to 31.3.67	1.4.67 to 31.3.75	1.4.75 to 31.3.77
Whole life	17.50	16-00	17.50	20.00	22.00	25.00
Endowment	14.00	12.00	14.00	16.00	17.60	20.00

Representatives of the policyholders should be appointed on the boards of actuaries and auditing.

In the same way, policyholders must be given representation on LIC's audit board.

TABLE 2

No. of Complaints Received by LIC's Central Office

Year	No. of complaints	Per thousand of the mean No. of policies	Year	No. of complaints	Per thousand of the mean No. of policies
1963.64	11,348	1.10	1971.72	19,469	1.27
1964.65	14,088	1.20	1972.73	17,304	1.06
1965.66	15,212	1.35	1973.74	17,099	0.98
1966.67	16,295	1.37	1974.75	18,602	1.01
1967.68	18,340	1.47	1975.76	18,189	0.94
1968.69	19,587	1.50	1976.77	12,219	0.61
1969.70	20,039	1.47	1977.78	7,818	0.38
1970.71	22,365	1.55			

Source for both tables: LIC's Annual Reports.

After nationalisation, life insurance has become both a business as well as a **public service.** As pointed out by the Estimates Committees, under a national set-up, the services rendered by the Corporation should not only be as good as those rendered by the erstwhile insurers, but **much better.** LIC seems to have forgotten all this. It seems to have forgotten also that the policyholder is the kingpin of the whole insurance operation and at such, his interests must be safeguarded **first.** LIC has lost sight of the fact that it exists for the policyholders. It is, therefore, high time LIC realised its proper place in the life insurance business. The sooner it is done, the better it would be for all.

"Free Enterprise was born with man and shall survive as long as man survives."

—A. D. SHROFF
(1899–1965)
Founder-President,
Forum of Free Enterprise.

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Published by M. R. PAI for the Forum of Free Enterprise, 235 Dr. Dadabhai Naoroji Road, Bombay-400 001, and Printed by H. NARAYAN RAO at H. R. Mohan & Co., 9-B Cawasji Patel Street, Bombay-400 001.

14/Sept./1979