



A LIFE INSURANCE OF CORPORATION

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DOI: <https://doi.org/10.70333/ijeks-04-12-15>

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Article Info: - Received : 02 January 2026

Accepted : 25 January 2026

Published : 30 January 2026



The Life Insurance Corporation was incorporated and started on 19th January 1956, this was done by a merger of 16 insurance company and 75 provident societies on that day, The LIC Act was passed by the Parliament on 18th June 1956, which then came into effect from 1st July 1956, Life Insurance Corporation has started its journey as a corporate firm from 1st September 1956, its all working is governed by the LIC Act, One of the core functions of LIC is an investment. It is an investment institution; its main function is to gather money from the people and invest it into the different securities and financial markets in India and abroad. As a rule, LIC is required to invest at least 75% of the funds in Central and State Government securities, Thus LIC is the largest investment institution in India as on date. It gathers the funds from the people by issuing insurance policies and invest that fund into financial markets in India. It also provides tern loan and bonds to gather money from the market. Not only that, the LIC has become the world's largest insurance company in terms of a number of policies issued, as of 2019, the total coverage of policies including individual, group and other social schemes has crossed 13 crores. Around 245 insurance companies and provident societies were merged to create the LIC, LIC is the largest insurance company in India with an estimated asset value of Rs. 3111847 crores as on 2019. It ranked 98th on the 2022 Fortune Global 500 list with a revenue of Rs. 775,283 crores and profit of Rs. 4,415 crores Keywords, Life Insurance Corporation Of India, History, Mission, Vision, Operations Objectives & Functions & Various LIC's Schemes.

Keywords: *Life Insurance Corporation of India (LIC); Insurance Nationalization; Investment Functions; Insurance Schemes; Financial Development.*



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1. Introduction

LIC stands for Life Insurance Corporation of India, It stated its operations as a corporate firm in September 1956 after the Life Insurance of India Act was passed by India's Parliament in June 1956, The LIC Act came into effect from July 1956. It helped in the nationalization of the private insurance industry in India. LIC of India was formed by merging 154 life insurance companies, 16 foreign companies and 75 provident companies. It is one of the largest financial institutions in India. It has an asset value of over 2.529,390 crores. The headquarters of LIC is in Mumbai, Maharashtra. The main slogan of LIC is "Yogakshemam Vahamyaham" meaning "Yours welfare is our responsibility". It is in Sanskrit and is obtained for the 22nd verse of the Bhagavad Gita's 9th chapter. The chairman of Life Insurance of India is Mr. Mangalam Rama Subramanian Kumar.

2. Object of Study

The Main Object of Study

- Identify the History, Mission, Vision & Operations of LIC of India.
- Analyze the Objectives of Life Insurance Corporation of India.
- Analyze the Function of Life Insurance Corporation of India.
- Analyze the Various LIC's Schemes are Provided by LIC of India.

3. Review of Literature

- **Ghosh, Suvashree, Beniwal, Vrishti, Kalesh, Baiju (17 January 2022)**, "Inside the All-out Campaign to Prepare India's Biggest Ever IPO.
- **Anushka. LIC- Life Insurance Corporation of India**" My LIC India. Retrieved 18 February 2020.
- **C.A. Nirmal Ghorawat (31 January 2013)**. "Perspectives on Life Insurance Industry in India This Research Paper, "A Study on Objectives & Functions of Life Insurance corporation of India" is Unique and different from still have been studied Yet. The Research Topic Analysis on Objectives and Functions of Life Insurance Corporation of India.

4. Research Methodology

- The study is based upon secondary information collected from Life Insurance corporation of India Websites and Reports.
- The Present Study base of Secondary Data has collected from different related websites, Magazines, Journal and Newspaper.

5. Life Insurance Corporation of India

The Life Insurance Act is established in the year 1956 which started working to provide insurance to the people. Prior to the commencement of LIC Act 1956, there were 243 insurance companies which used to deal with the concept of insurance. Because of the establishment of the act the business of them was taken over by this act. It is an institution of investment under which various people invest their funds in different policies and the savings are spread into different types of securities to protect the interest on a long period of tie. This act also helps other institutions which are working for lending money by providing loan, This Act establishes a biggest insurance company or corporation of India.

6. History

Some of the important milestones in the life insurance business in India are; 1818: Oriental Life insurance Company, the first life insurance company on Indian soil started functioning. 1870: Bombay Mutual Life Assurance Society, the first Indian life insurance company started its business. 1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business. 1928: The Indian Insurance Companies Act enacted the government to collect statistical information about both life and non-life insurance businesses. 1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public. 1956: 245 Indian and foreign insurers and provident societies are taken over by the central governed and nationalized. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital constitution of Rs. 5 crores from the Government of India.

7. Objectives

- Spread Life Insurance 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 the adequate financial cover against death at a reasonable cost.
- Maximize mobilization of people's savings by making insurance-linked savings adequately attractive.
- Bear in mind, in the investment of funds, the primary obligation to its policyholders, 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.
- Conduct business with utmost economy and with the full realization that the ones belongs to the policyholders.
- Act as trustees of the insured public in their individual and collective capacities.
- Meet the various life insurance needs of the community that would arise in the changing social and economic environment.
- 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.
- 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 Objective. Mission Ensure and enhance the quality of life of people through financial security by providing products and services of aspired attributes with competitive returns, and by rendering resources for economic development. vision -A Trans-nationally competitive financial conglomerate of significance to societies and pride of India Operations . LIC operate all over India Central Offices -1 Zonal Office -8 Divisional Office - 113 Branch Office - 2048 Satellite Office - 1572 P&GS Unit - 77 SSS Unit - 4 Total - 3823 Agents - 13,37, 023 (As at 31-07-2022)

8. Advantage of LIC

- Protection: savings through life insurance guarantee full protection against risk of death of the saver
- Also, in case of demise, life insurance assurance payment of the entire amount assured (with bonuses wherever applicable) whereas in other saving schemes, only the amount saved (with interest) is payable.

9. Disadvantages of LIC

- LIC policies offer lower returns than mutual funds, which are market-linked investments.
- They also offer less flexibility and higher penalties for surrendering a policy.
- Other charges and fees may also not be very transparent in the case of LIC policies.

10. Functions

- The Main function of LIC is to collect the savings of the people through a life insurance policy and invest that money in various financial markets.
- One of the main functions of LIC is to invest fund into government securities so as to protect the capital of the people who have given their money of LIC.
- LIC has to issue an insurance policy at affordable rates to people.
- LIC provides direct loans to industries at lower interest rates. The rate of interest is as low as 12% for the entire tenure.
- It is one of the major stakeholders in many of the blue-chip companies in the Indian stockmarket.
- It also provides refinancing activities through SFCs in different states and cities.
- It also invests in the various corporates via bonds and securities, thus supports corporate funding in an indirect way.
- It also gives loan to the various national projects which are important for economic growth.
- It provides financial supports to socially-oriented projects like electrification, sewage, and water channelizing, etc.
- It also gives a housing loan at reasonable rates.

- It is the main channel between saving and investment for the people in India.

11. Various LIC's Schemes:

LIC has launched various schemes catering to different categories and segment of the Indian economy, its main product is insurance plans for individuals. Below is the list of the major LIC policies available in India.

12. Insurance Plans

- LIC's Jeevan Pragati
- LIC's Jeevan Labh
- LIC's Single Premium Endowment Plan
- LIC's New Endowment Plan
- LIC's New Jeevan Anand
- LIC's Jeevan Rakshak
- LIC's Limited Premium Endowment Plan
- LIC's Jeevan Lakshya
- LIC's Aadhaar Shila
- LIC's Aadhaar Stambh
- LIC's Navjeevan Whole Life Plans
- LIC's Jeevan Umang Money Back Plans
- LIC's Bima Shree
- LIC's Jeevan Shromani
- LIC's New Money Back Plan -20 Years
- LIC's New Money Back Plan -25 Years
- LIC's New Bima Bachat
- LIC's New Children's Money Back Plan
- LIC's Jeevan Tarun Term Assurance Plans
- LIC's Anmol Jeevan - 2
- LIC's Amulya Jeevan -2
- LIC's e-Term – Sales Brochure
- LIC's Tech Term Plan Pension Plans
- Pradhan Mantri Vaya Vandana Yojana
- LIC's New Jeevan Nidhi
- LIC's Jeevan Akshay
- LIC's Jeevan Shanti Health Plans
- LIC's Jeevan Arogya
- LIC's Cancer Cover Group Scheme
- LIC's Group Credit Life Insurance
- LIC's Single Premium Group Insurance
- LIC's New Group Leave Encashment Plan
- LIC's New Group Superannuation Case Accumulation Plan
- LIC's New One Year Renewable Group Term Assurance Plan 1
- LIC's New One Year Renewable Group Term Assurance Plan 2
- LIC's New Group Gratuity Cash Accumulation Plan

13. CONCLUSION

LIC is the oldest investment institution in India. It gathers money from the household savings and invests it in the financial markets. But it does not give you good return on your investment. I always keep telling people that do not mix insurance with investment. Both are different as they have different objectives. From the above list of functions of LIC, it is clear that LIC is investment institute. Why should you invest your money into low return schemes? Why can not you learn the simple rules and logics of investment on your own? Why can not you take investment decisions on your own? Investment is not rocket science. It is simple and easy to understand if you want to learn. It is easier than algebra you learn in the school days. Life Insurance Corporation is playing Important and Vital Role in Economic Development of India.

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Cite this article as: J.Farisha Parveen et al., (2026). A Life Insurance of Corporation. International Journal of Emerging Knowledge Studies. 5(1), pp. 50–53.
<https://doi.org/10.70333/ijeks-04-12-15>