Life Insurance Corporation of India

Policy on Related Party Transactions

Document details

Version 1	**06/09/2021**
Version 2	**01/06/2022**
Version 3	**19/10/2022**
Version 4	**06/08/2026**

1. **<u>Preamble:</u>**

Life Insurance Corporation of India is governed by Life Insurance Corporation of India Act, 1956 ("LIC Act" or "Act"). The Act has been amended and made effective from 30-06-2021. The Amendments include significant provisions about Related Party Transactions under newly introduced sub-sections 4C and 19C of LIC Act, 1956. As part of subordinate legislation, LIC Rules were also amended and notified on 30-06-2021. Rule 7 of the amended LIC Rules, 1956, provides for contract or arrangements with Related Parties.

The Policy on Related Party Transactions has been re-drafted duly including all the amendments made with regards to Related Party Transactions in the amended LIC Act, 1956 read with rules made thereunder, Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024**,** (IRDAI Regulations) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") which will be applicable to all Related Party Transactions entered into by the Corporation or any of its subsidiaries.

2. **<u>Applicability of the Policy:</u>**

This Policy shall be applicable to all Related Party Transactions entered into by the Corporation or any of its subsidiaries on one hand and a related party of the Corporation or any of its subsidiaries on the other hand.

3. **<u>Objective of the Policy</u>:**

The objective of this Policy is to:

- **a.** Provide definition of Related Parties.
- **b.** Provide a framework for dealing with Related Party Transactions,
- c. Provide Definition of Transactions in the ordinary course of business
- **d.** Set out Method of determination of arm's length pricing, and
- **e.** Specify the Authority which may give approval for various types of RelatedParty Transactions

4. **<u>Definitions:</u>**

(a) **"The Corporation":** Shall mean the Life Insurance Corporation of India.

(b) **"Act":** Shall mean the Life Insurance Corporation Act,1956 as amended from time to time

(c) **"Audit Committee"** shall mean the Board Committee constituted under Section 19C of LIC Act, 1956

(d) "Arm's length transaction": Means a transaction between two related parties that is entered into as if they are unrelated, so that there is no conflict of interest. In other words, the transaction with Related party will be considered to be on Arm's length basis if the key terms, including pricing ofthe transaction, taken as a whole, are comparable with those similar transactions, if they would have been undertaken with unrelated parties.

(e) "Board of Directors" or " Board" means the collective body of the directors, appointed or nominated or deemed as such under section 4 of theLIC Act, 1956 as amended from time to time.

(f) "Director" means a director appointed or nominated or deemed as such under section 4 of the LIC Act, 1956 as amended from time to time.

(g) "Member" means every person holding shares of the Corporation and whose name is entered in the register of members maintained under clause of sub-section (1) of section 5B of the LIC Act, 1956.

(h) "Office or place of profit" shall have the same meaning as provided in the explanation given under section 4C(1)of the LIC Act, 1956 and means any office or place, Where such office or place is held by a director if the director holding it receives from the Corporation anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Corporation anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(i) "Ordinary course of business": Means the usual transactions, customs and practices undertaken by the Corporation to conduct its business operations and activities and includes all such activities that the Corporation can undertake as per the LIC Act, 1956, Insurance Act, 1938 and applicable IRDAI Regulations, as amended from time to time, as well as any principles laid down by the Board and Audit Committee. The following factors are indicative of a transaction being in the ordinary course of business:

1. The transaction is normal or otherwise routine for business
2. The Income earned from such transaction is treated as business Income in the Corporation's Books of Account.
3. The transactions are part of standard industry practice.
4. The transactions are incidental to the business of the Corporation

(j) **“Related Party”:** Shall have the meaning as defined in Regulation 2 (1) (zb) of the Listing Regulations, Section 2(76) of the Companies Act 2013 and applicable Accounting Standards .

(k) **“Related Party Transaction”:** means a transaction involving a transfer of resources, services or obligations between the Corporation or any of its subsidiaries on one hand and a related party of the Corporation or any of its subsidiaries on the other hand regardless of whether a price is charged and a ‘transaction’ with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Further, the Corporation or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Corporation or any of its subsidiaries, shall be considered as a Related Party Transaction.

However, the following shall not be a Related Party Transaction:

a) issue of specified securities on a preferential basis subject to compliance ofrequirements under SEBI(ICDR) Regulations, 2018,

b) the following corporate actions which are uniformlyapplicable/offered to all shareholders in proportion to their shareholding:
   i. payment of dividend;
   ii. sub-division or consolidation of securities;
   iii. issuance of securities by way of a rights issue or a bonus issue; and
   iv. buy-back of securities

c) acceptance of fixed deposits by Banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all Shareholders /public subject to disclosure of the same along with the disclosure of Related Party Transactions to the stock exchanges every six months in the format as specified by SEBI.

d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
   For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from the Corporation or its subsidiary by the directors or key managerial personnel of the Corporation or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel:

Provided further that this definition of Related Party Transaction stated above shall not be applicable for the units issued by mutual funds which are listed on recognized stock exchange(s).

(l) "Material Related Party Transaction": Shall mean transaction with a related party if the transaction(s) to be entered into individually, or taken together with previous transactions during a financial year, exceeds stipulated materiality thresholds.

(m)"Relative" is as defined under Section 2(77) of the Companies Act, 2013, i.e.,

Members of HUF
Spouse
Father (includes Step-father)
Mother (includes Step-mother)
Son (includes Step-son)
Son's wife
Daughter
Daughter's husband
Brother (includes the Step-brother)
Sister (includes the Step-sister)

(n) "Key Managerial Personnel" or "KMP": Shall have the meaning as defined in the Directors qualifications, nomination, appointment, Board diversity Policy of the Corporation.

(o) Annual Total Premium: means the sum total of First and First year Premium, Single Premium and Renewal Premium under individual businessand Premiums earned through P&GS business.

(p) Turnover: means the aggregate value of the realization of amount made from sale, supply or distribution of goods or on account of services rendered, or both, by the Corporation during a financial year. Accordingly, for the Corporation, the turnover will be considered as the Annual Total Premium Income.

(q) Material Modification shall mean any modification made in the terms and conditions of any on-going or proposed related party transaction as originally approved by the Audit Committee and/or shareholders, as the case may be, having a significant impact on the nature, value, tenure, exposure or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.

5. Who is a Related Party for Life Insurance Corporation of India

1. In terms of Section 2(76) of the Companies Act 2013, and Regulation 2(1)(zb) of the Listing Regulations as applicable to the Corporation-

i. A Director of the Corporation or his relative;

ii. A Key Management Personnel of the Corporation or his relative;

iii. A firm, in which a Director of the Corporation or his relative is a partner;

iv. A private company in which a Director of the Corporation or his relative is a Member or Director;

v. A public company in which a Director of the Corporation is a Director and holds along with his relatives, more than two per cent of its paid-up share capital;

vi. Any Body Corporate, whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director of the Corporation;

vii. Any person on whose advice, directions or instructions a Director of the Corporation is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice,directions or instructions given in a professional capacity

viii. Any Body Corporate which is a Subsidiary or Associate of the Corporation

ix. Any Body Corporate which is a step-down subsidiary of the Corporation

x. An investing Company or venture of the Corporation

xi. An entity which is a related party under applicable Accounting Standards

xii. Any person or entity forming a part of the promoter or promoter group of the Corporation

xiii. Any person or any entity holding equity shares in the Corporation, either directly or on a beneficial interest basis, at any time during the immediately preceding financial year to the extent of 10% or more .

6. Identification of Potential Related Party Transactions:

Related Party Transactions by the Corporation may include but shall not be limited to the following:

i. Rent/leasing of property of any kind
ii. Investment income by way of dividend/interest
iii. Selling or otherwise disposing of, or buying of, property of any kind
iv. Redemption of Securities
v. Underwriting the subscription of any securities, or derivatives thereof, of the Corporation
vi. Purchase /Sale or supply of any goods or materials
vii. Appointment of any agent for purchase of goods, materials, services or property
viii. Such related party's appointment to any office or place of profit in the Corporation, its subsidiary or associate company
ix. Reimbursement/Payment towards administrative expenditure
x. Assistance related to Information Technology / IT Solution Fee
xi. Managerial remuneration, sitting fee
xii. Consultation work by Engineering Department
xiii. Training activities arranged for / by the Related Party
xiv. Availing or rendering of any other services
xv Life Insurance premium received from/claims paid to Directors and Key Managerial Personnel (including relatives) of Corporation and its subsidiaries.

Each Director and Key Managerial Personnel shall be responsible for providing notice to the Board or the Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably seek for. The Audit Committee will determine whether the transaction does, in fact, constitute the Related Party Transaction requiring compliance with this policy.

The notice of any such potential Related Party Transaction shall be given to the Board/Audit Committee well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

7. Materiality Threshold

a. A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds amounts as specified in Annexure I of the policy.

b. Transaction involving payments made/received to/from a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into, individually or taken together with previous transactions during a financial year, exceeds five percent (5%) of the annual consolidated turnover of the Corporation as per the last audited financialstatements of the Corporation.

7. 1 Material Modifications- Terms & Conditions

There shall be a presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following-

i. A variation (increasing/decreasing) of Rs 500 crore or 25% of the original contract value , whichever is lower.

ii. The terms of the contract cease to be at arm’s length.

iii. Granting of any waiver, abatement or any other relief to either party which results into a financial implication of Rs 500 crore or 25% of the contract value, whichever is lower.

iv. Extension or reduction of tenure of the contract by 25% or more of the original tenure, if the original tenure is for a period of four years or more.

v. Any modification which results into the claims of either party being subordinated or relaxation of security interest.

vi. Any novation of the contract or arrangement.

8. Manner of dealing with Related Party Transactions.

(i) The Corporation shall not enter into any contract or arrangement which is not in the ordinary course of business or not at arm’s length basis with a related party except with the approval of the Board and subject to such conditions as may be prescribed.

(ii) No contract or arrangement involving transactions which is not in the ordinary course of business or at arm's length basis exceeding such threshold limit as specified in Clause 7 of the Policy , shall be entered into except with the prior approval in the general meeting.

(iii) Further, no member shall vote in such general meeting to approve any contract or arrangement which may be entered into by the Corporation, if such member is a related party.

(iv) Every contract or arrangement entered into other than transactions entered into by the Corporation in its ordinary course of business shall be referred toin a report made by the Board to the members along with the justification for entering into such a contract.

(v) The following transactions will not be considered as Related Party Transaction. However the data shall be required for internal purposes.

a) Transactions entered into between the Corporation and its wholly owned subsidiary, whose financial statements are consolidated with the Corporation and placed before members in its general meeting for approval.

b) Transactions entered into between the Corporation and a Government company, or the Central Government or any state government or any combination thereof, in respect of contracts or arrangements entered into between them or transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges.

c) Transactions between two wholly owned subsidiaries of the Corporation where the accounts of the subsidiaries are consolidated with accounts of the Corporation and placed before the shareholders at the general meeting for approval.

9 <u>Procedure for approval of Related Party Transaction</u>

9.1 Approval of the Audit Committee of the Corporation

(a) All Related Party Transactions and subsequent material modifications, in the ordinary course of business and at arm's length basis shall require prior approval of the Audit Committee of the Corporation.

(b) The Audit Committee of the Corporation, (including the members of the Audit Committee, who are Independent Directors and present in the meeting) shall approve Related Party Transactions.

(c) The Audit Committee of the Corporation shall define "material modifications" and it shall be disclosed as part of the policy on materiality of Related Party Transactions and on dealing with Related Party Transactions

(d) A Related Party Transaction above Rs. One crore to which a subsidiary of the Corporation is a party but the Corporation is not a party, shall require prior approval of the Audit Committee of the Corporation, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds lower of the following:-

(a) ten percent of the annual standalone turnover, of the subsidiary as per the last audited financial statements of the subsidiary

OR

b) the threshold for material related party transactions of the Corporation as specified in Clause 7(a) of this policy.

(e)In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Corporation is a party but the Corporation is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Corporation shall be obtained if the value of such transaction exceeds lower of the following:

(i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or

(ii) the threshold for material related party transactions of the Corporation as laid down in Clause 7a. of this policy.

(f) Prior approval of the Audit Committee of the listed subsidiary shall suffice for Related Party Transactions of an unlisted subsidiary of a listed subsidiary of the Corporation.

(gi) Remuneration and sitting fees paid by Corporation or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Clause 7 (a) of this policy.

(h) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

(i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of Clause 7 of this policy.

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Clause 10 of this policy;

(v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Corporation against any loss incurred by it.

(i) Any contract entered or arrangement entered into by the Corporation with a related party shall be in accordance with provisions of this Policy and the agenda of the meeting of the Audit Committee and Board at which such contract or arrangement is at which such contract or arrangement is proposed to be considered shall disclose the following, namely:-

i. the name of the related party and nature of relationship;

ii. the nature, duration and particulars of the contract or arrangement;

iii. the material terms of the contract or arrangement, including the value thereof, if any;

iv. advance paid or received, if any, for the contract or arrangement;

v. the manner of determining the pricing and other commercial terms, irrespective of whether or not the same are included in the contract;

vi. whether all factors relevant to the contract have been considered and, if not, the details of the factors not considered, along with the rationale for the same not being considered;

vii. any other information relevant for the Audit Committee or the

Board, as the case may be, to take decision in the matter.

(j) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the Corporation or its subsidiary**.** The following factors may be considered as the criteria for making omnibus approval, namely:-

(a) Repetitiveness of the transactions (in past or in future)
(b) Justification for the need of omnibus approval

(k) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Corporation;

(l) The omnibus approval given by the Audit Committee shall specify the following:

- Name (s) of the Related Party;
- Nature of the transaction;
- Period of the Transaction;
- Maximum amount of transaction that can be entered into;
- The indicative base price/ current contracted price and formula, if any, forvariation
- Any other conditions as the Audit Committee may deem fit.

(m) Where a Related Party Transaction cannot be foreseen and/or details as mentioned in Clause 9.1(l) are not available, the Audit Committee may grant omnibus approval for such transactions of value not exceeding Rs.1 crore per transaction.

(n) The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Corporation, or its subsidiary pursuant to the omnibus approval given.

(o) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

(p) Omnibus approval shall not be given for transactions in respect of selling or disposing off any asset of the Corporation.

(q) Any member of the Audit Committee who has a potential interest in any Related Party Transaction, will recuse himself and abstain from discussion and voting on the approval/review of the Related Party Transaction. If the member is a

Key Managerial Person, although he can be present, to provide all material information concerning the Related Party Transaction to the Audit Committee, but shall not take part in decision /voting by the Audit Committee.

(r) In case of any transaction other than the related party transactions identified in Clause 6 and where the Audit Committee does not approve a transaction, it may make its recommendation to the Board.

(s) Any other condition as the Audit Committee may deem fit.

9.1. A. Transactions of following nature will not be subject to the omnibus approval of the Audit Committee whereas specific approval of the Audit Committee or Board or Shareholder shall be required as the case may be:

1. Transactions which are not at arm's length basis or in the ordinary course of business.
2. Transactions which are not repetitive in nature.
3. Transactions which exceed 10% of the-Corporation's turnover.
4. Transactions in respect of selling or disposing off any asset of the Corporation.
5. Any other transaction that the Audit Committee may deem fit .

9.1. B. Information to be reviewed by the Audit Committee for approval of Related Party Transactions

The Corporation shall observe the Industry Standards on "Minimum Information to be provided to the Audit Committee and Shareholders" issued by Industry Standard Forum ("ISF") in consultation with SEBI, from time to time, while placing any proposal for review and approval of Related Party Transaction before Audit Committee and/or shareholders. The said industry standards form part of this policy as Annexure II

9.2 Approval of Board of Directors:

A key function of the Board of Directors will be to ensure that there is no abuse in related party transactions.

All transactions qualifying as Related Party Transactions shall be approved by the Board of the Corporation, with the exception of those transactions entered into by the Corporation in its ordinary course of business other than transactions which are not on an arm's length basis.

In addition to the above, the following kinds of transactions with related partiesmay also be placed before the Board for approval:

a) Transactions which are either not in the ordinary course of business or at arm's length basis, shall require the approval of the Board .

b) Transactions in respect of which, the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or arm's length basis and decides to refer the same to Board for approval.

c) Transactions which are in the ordinary course of business and at arm's length basis, but which, according to Audit Committee requires Board approval.

Any Director who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval/review of the Related Party Transaction. If the Director is a Key Managerial Person, although can be present, to provide all material information concerning the Related Party Transaction to the Board, but shall not participate in decision/voting by the Board.

9.3 Approval of Shareholders

All material Related Party Transactions and subsequent material modifications as defined by the Audit Committee of the Corporation shall require prior approval ofthe shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not;

Provided that, prior approval of the shareholders of the Corporation shall not berequired for a Related Party Transaction to which the listed subsidiary is a party but the Corporation is not a party if regulation 23 and sub-regulation 2 of regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations are applicable to such listed subsidiary.

Provided further that, the requirements specified under this sub-section of the Policy shall not apply in respect of a resolution plan approved under section 31 of the Insolvency code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

9. 3. A Information to be provided to shareholders for consideration of Related Party Transactions

The notice being sent to the shareholders seeking approval for any proposed Related Party Transactions should contain such information as specified in the Industry Standards on "Minimum Information to be provided to the Audit Committee and Shareholders" issued by Industry Standard Forum ("ISF") in consultation with SEBI, from time to time. Some of the important information are as under:

(1) The explanatory statement contained in the notice to the shareholders for seeking their approval for Related Party Transaction shall provide the minimum information so as to enable the shareholders to take a view whether the terms and conditions of the Related Party Transaction are favorable to the listed entity.

(2) The notice to the shareholders seeking approval for any material RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

(a) Information as placed before the Audit Committee in the format as specified in the Related Party Transaction Industry Standards, to the extent applicable.

(b) Justification as to why the proposed transaction is in the interest of the listed entity, basis for determination of price and other material terms and conditions of Related Party Transacation.

(c) Disclose the fact that the Audit Committee has reviewed the certificates provided by the CEO/ Managing Director/ Whole Time Director/ Manager and CFO of the Listed Entity as required under the Related Party Transaction Industry Standards.

(d) Disclosure that the material Related Party Transaction or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.

(e) Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any, considered by Audit Committee while approving the Related Party Transaction.

(f) The Audit Committee and Board of Directors, while providing information to the shareholders, can approve redaction of commercial secrets and such other information that would affect competitive position of listed entity and affirm that, in its assessment, the redacted disclosures still provides all the necessary information to the public shareholders for informed decision- making.

(g) Any other information that may be relevant.

10. Disclosures:

a. The Corporation shall publish disclosure of Related Party Transactions on the Corporation's website every quarter.

b. The Corporation shall submit disclosures of Related Party Transactions to Stock Exchanges in the format as specified by SEBI for every six months ending 31st March and 30th September.

c. The disclosure shall be made along with the Corporations' stand-alone financial results for every half year on the date of approval of its standalone and consolidated financial results .

d. The remuneration and sitting fees paid by the Corporation or its subsidiary to the director, key managerial personnel or senior management except who is part of promoter or promoter group shall not require disclosure to the stock exchanges provided that the same is not material in terms of the provisions of clauses 7 (a) and (b) of the policy whereas the same may be disclosed as per AS 18.

e. Disclosure shall be made in the Annual Report by Corporation and its subsidiaries regarding 'Loans and advances in the nature of loans to Subsidiaries /Associates or to firms/companies in which directors are interested by name and amount, as also disclosures on materially significant related party transactions that may have potential conflict of interest of Corporation at large.

f. Disclosure shall be made in the Corporate Governance Report by Corporation and its subsidiaries regarding of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.

g. Disclosure of related parties and transactions with related parties as per AS 18 shall be made in the Notes to accounts forming part of Financials of the Corporation.

h. The Corporation shall place its "Policy on dealing with Related Party Transactions" under a separate section on its functional website.

i. The Corporation shall make disclosure of the web link of the "policy on dealing with Related Party Transactions" in the corporate governance section of its annual report.

11. Related Party Transactions not approved under this Policy

a. In terms of Sec 19C of the LIC Act, in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or an officer of the Corporation without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Corporation with the approval of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Corporation against any loss incurred by it.

b. If any contract or arrangement has been entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the members at a meeting within three months from the date on which such contract or arrangement was entered into, such contractor arrangement shall be voidable at the option of the Board or, as the case may be, of the members and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Corporation against any loss incurred by it.

c. Further, it shall be open to the Corporation to proceed against a director orany other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

d. Any director or any other employee of the Corporation who had entered into or authorised a contract or arrangement in violation of the provisions of the LIC Act, 1956, shall be liable to pay a penalty in terms of Sec 4C (6) of LIC Act, 1956.

12. Review of the Policy

The adequacy of this Policy on related party transactions shall be reviewed and reassessed annually by the Board or as and when warranted by any Regulatory change or exceptional circumstances.

13. Limitation & Amendment

For any transaction with related parties, which are in the nature of transactions such as reinsurance arrangements or investment transactions or outsourcing to related parties, compliance to concerned and applicable latest amended regulations such as IRDAI (Re-insurance) Regulations, IRDAI (Investment) Regulations, IRDAI (Outsourcing) Regulations etc. or applicable guidelines/circulars issued by IRDAI, shall be ensured.

In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or Regulations or Statutory enactments or rules shall prevail over this Policy. Any subsequent amendment / modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy.

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