

# **LIFE INSURANCE CORPORATION OF INDIA**

**(Financial Powers)**

## **STANDING ORDER, 1960**

(As amended upto 31st October 2013)

### **Preamble**

**U**NDER Regulation 18 of the Life Insurance Corporation Regulations, 1959, Executive Committee hereby issues the following Standing Order governing the functions and powers of the various authorities in the Corporation in regard to financial matters:

### **CHAPTER I**

#### **GENERAL**

#### **1. Short Title :**

This order shall be called the Life Insurance Corporation of India (Financial Powers) Standing Order, 1960.

#### **2. Definitions :**

In this order unless there is anything repugnant in the subject or context:

- (i) All words and expressions used herein and not defined herein but defined in the Life Insurance Corporation Act, 1956, or the Insurance Act, 1938 or the Rules made under the above Acts or the Life Insurance Corporation Regulations, 1959, or the Life Insurance Corporation of India (Staff) Regulations, 1960, shall have respectively the meanings assigned to them in those Acts or Rules or Regulations.
- (ii) 'Head of the Office' means the Chief Manager, Sr.Branch Manager, Branch Manager or Officer-in-Charge in the case of a Branch Office; Sr.Divisional Manager or Divisional Manager in the case of a Divisional Office; Zonal Manager in case of Zonal office, Executive Director/Chief(E&OS) in case of Central Office, Secretary/ Dy.Secretary (Audit) in charge of audit centre, Executive Director/Chief(Audit) in the case of Audit Department in the Central Office, Director in respect of the Management Development Centre and every Principal, Zonal Training Centre and Sales Training Centre and any other such officer or officers as may be designated as the 'Head of the Officer' by Chairman by way of an administrative order.

**PROVIDED** that in the absence of such officer, the term 'Head of the Office' shall also include the Officer duly authorised to look after the Corporation's interest during that period.

### **3. Maintenance of Accounts:**

Subject to the provisions of the Life Insurance Corporation Act, Rules and Regulations made thereunder, the Accounts of the Corporation shall be maintained in the manner prescribed, in the various manuals and instructions issued from time to time.

### **4. Procedure for exercising the Authority :**

The following chapters prescribe only the limit upto which the authorities can exercise financial powers. In exercising the powers the authorities shall ensure that the procedure laid down on each subject (e.g. staff payments, underwriting purchase of stores, etc) in the various Acts, Rules, Regulations, Manuals, Codes, Standing Orders and other orders issued from time to time are strictly complied with. In particular every officer incurring or authorising expenditure should be guided by high standards of financial propriety. Among the Principles on which emphasis is generally laid are the following :

- (i) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from the funds of the Corporation as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- (ii) The expenditure should not be prima facie more than the occasion demands.
- (iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
- (iv) The funds of the Corporation should not be utilised for the benefit of a particular person or section of the community unless:-
  - (1) The amount of expenditure involved is insignificant, or
  - (2) a claim for the amount could be enforced in a court of law, or
  - (3) The expenditure is in pursuance of a recognised policy or custom.
- (v) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

Each 'Head of the Office' is responsible for enforcing financial order and strict economy at every step. He/She is responsible at every step. He is responsible for observance of the provisions of this Standing Order and

the other relevant rules and regulations both by his own office and by subordinate disbursing offices.

**5. Powers to be exercised only by duly authorised persons :**

In the following chapters only the rank of the 'Authority' who can exercise the financial powers is prescribed. In cases where the authority is not the Head of the office or higher, the Head of the office shall, from time to time, issue office orders specifying the names of the persons and the nature of authority to be exercised by them. For exercising proper control on Office Orders each Office Order shall be serially numbered; the series being started from the commencement of the financial year and closed at the end of the financial year. Details of the order such as the name of the person and the nature of the authority to be exercised by him shall be entered in serial order in a register to be maintained for this purpose.

The Audit and Inspection Teams shall inspect these Registers at the time of inspection of the respective offices to ensure that the powers are exercised by (a) duly authorised persons and (b) in the manner prescribed in the various Acts, Rules, Regulations, Manuals, Standing Orders and other Orders issued from time to time.

**6. Powers of higher and lower Authorities :**

An authority vested with higher powers can ordinarily exercise the powers of the same nature vested in a lower authority. But a lower authority cannot exercise the powers of a higher authority unless he is duly authorised in the manner prescribed in Para 7.

**PROVIDED** that the officer-in-charge of a Branch even if he is not of the rank of Branch Manager may exercise the powers of Branch Manager under this Standing Order in regard to the financial matters pertaining to the Branch Office, unless otherwise directed by the Divisional Manager, or Sr. Divisional Manager.

**7. Enhanced power for a lower Authorities :**

The powers under this Standing Order, other than those vested in officers of the rank of Divisional Managers and above, can be exercised by an authority one step below the competent authority (not below the rank of a Higher Grade Assistant) if the circumstances so require, provided the Divisional Manager or Senior Divisional Manager or the Zonal Manager or the Director/Chief (E&OS) or the Director /Chief (Audit) or the Director, Management Development Centre so direct.

The Zonal Manager or the Director /Chief(E&OS) or the Director/Chief(Audit) or the Director, Management Development Centre may direct that the powers of an officer of the rank of Divisional Manager or Senior Divisional Manager or Dy.Zonal Manager may be exercised by an officer one step below, if the circumstances so require. The delegation of powers of an officer of the rank of Zonal Manager to an officer one step below, shall be subject to the sanction of the Managing Director.

**PROVIDED** that selected Assistant Divisional Managers may exercise enhanced powers under Chapter II item 1(b) of this Standing Order upto twice the prescribed limits, if so authorised by the Zonal Manager /Executive Director(Actuarial)/ Chief (Actuary) for the prompt servicing of policies.

In issuing these directions the ability of the person in whom the power is vested and other relevant facts shall be taken into account.

*Note:-* The enhanced power delegated to a lower authority under the above provisions need not necessarily be to the full extent and may be curtailed to such extent as the competent authority may direct.

#### **8. Powers of the Chairman :**

Chairman will be deemed to be vested with financial powers in respect of all matters where any authority/Officer subordinate to him is vested with such powers by this Standing Order.

Nothing contained in this Standing order shall have the effect of restricting in any way the powers of the Chairman vested in him under regulation 33 of the Life Insurance Corporation Regulation, 1959.

#### **9. Relaxation :**

No amendment shall be made to this Standing Order except with the approval of the Executive Committee. All such amendments shall be reported to the Board as early as possible.

#### **10. Repeals :**

The Life Insurance Corporation of India (Financial Powers) Standing Order, 1959 is hereby repealed.

#### **NOTES**

- (i) Administrative Officer, Assistant Divisional Manager, Divisional Manager, Sr.Divisional Manager and Zonal Manager referred to in the Chapters I to XIV include officers of these ranks working in the Zonal and Central Offices and the Audit and Inspection Department.
- (ii) This Order shall also be applicable to the Foreign Offices of the Life Insurance Corporation of India except to the extent specifically modified by the Chairman.