

CRM/Claims/Annuities Department, Central Office

Ref: CO/CRM/Claims/ 2024-25

31.08.2024

To
All Zonal Managers
Zonal Offices

Sir,

Re: Vigilance observation regarding reinvestment of Claim amount in other Branch

During one of the Surprise Vigilance check of the Branch Offices it has been noticed that the reinvestment of Maturity Claim payable in a particular Branch has been done in another Branch by changing the NEFT particulars of the Policyholder with that of Bank details of A/c No. III of another Branch and then the new Proposal is completed in that another Branch.

The procedure adopted by the Branch is totally incorrect and against the set rules. The lapses are as follows:

1. Branch cannot change the NEFT details of the policyholder under his policy even though the Policyholder has given consent for reinvestment of his Claim amount.
2. Branch cannot use the Bank details of any of the Bank Accounts of the Branch Office for receiving Claim amount through NEFT.
3. Branch will not come to know about the amount directly credited into it's Bank A/c No. III and it will give rise to issues during Bank reconciliation.
4. There is possibility of adjustment of that amount towards third person's proposal.
5. This will also give rise to issues in respect of refund of balance Proposal Deposit (BOC).
6. In case of any additional payments to the policyholder subsequent to the original payout, the amounts would again get credited to LIC's Bank account instead of policyholder.
7. The above procedure which is incorrect may lead to frauds.

We request you to kindly instruct all the Division and Branch Offices under your jurisdiction to desist from following such incorrect practices/procedures. Following such incorrect practices/procedures may lead to disciplinary action on erring Officials.


Executive Director (CRM/Claims/Annuities)

