

## **ABSTRACT**

This paper carries out the Asset and Liability Management of Life Insurance Corporation of India for the year 2012-13. To carry out this study we have first calculated the surplus which is the difference of assets and liabilities and then we have analysed the factors affecting the assets and liabilities i.e. there are various risks and endogenous and exogenous factors that can affect the ALM study. So finally it was concluded that LIC India had a Surplus in the year 2012-13. Also Pension Funds are sensitive to interest rate and inflation rate changes. Solution to this problem could be investment in inflation indexed and short term bonds. Also annuity purchased by the individual should be inflation indexed to maintain the purchasing power of an individual after retirement.