

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDING SECRETARIAT ROAD HYDERABAD

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To all the Zonal/Divisional/State/Regional Units:

Dear Comrades,

AIIEA WORKING COMMITTEE DECIDES TO
CONTINUE RESISTANCE AGAINST FDI HIKE
PLACE A DEMAND FOR 40% WAGE INCREASE
PROTEST AGAINST ATTITUDE OF MANagements
CAMPAIGN FOR MERGER OF
GENERAL INSURANCE COS.

The Working Committee of AIIEA convened at Kolkata from July 17-19, 2007 unanimously decided to continue our resistance against the so called reforms in the insurance sector and place a demand for 40% wage hike effective from 1.8.2007 for both the LIC and the public sector general insurance employees. The Working Committee also decided to lodge a strong protest and disapproval of the attitude of both LIC management and GIPSA on the important and long pending issues of the employees. These decisions were taken after an intense debate participated by 58 members of the Working Committee.

The Working Committee analysed the economic and political environment in the country as these factors influence the course of our struggle. The Working Committee noted that the UPA Government has remained strongly committed to neo-liberalism. The entire economy is opened up to the foreign capital including the vital sectors like defence. The cozying up to the U.S. undermining our long standing non-aligned policy has the dangerous potential of India becoming a pawn in the designs of imperialism to establish global hegemony. The Government is yet to take any major step to tackle the agrarian crisis that has brought immense distress to overwhelming sections of Indian population. The much-trumpeted growth has helped the elite to corner all the benefits and as a consequence, the inequalities have further widened. The Government has failed to address the problems of the working class especially the unorganized sections. The policy of privatization of public sector continues without any let up. The Government under intense pressure has constituted the Sixth Pay Commission for Central Government employees. But the terms of reference and the manner in which the Commission is proceeding, leave no one in doubt that permanency of jobs, pension and other hard won rights would be targeted. The Working Committee appreciated the role being played by the Left Parties in the circumstances. The strong resistance by the Left and the working class to the unabashed pursuance of neo-liberalism has not allowed the UPA Government to implement these policies with the intended pace. The struggle of the Left has also forced the Government to introduce a few programs like National Rural Employment Guarantee Scheme providing some relief to the poor. The struggles of both the organized and unorganized sections of the working class are building up. It is in this background that the Working Committee decided to continue resistance to the attacks on the insurance industry and to place an aggressive demand for wage increase.

Campaign against Privatization

The Working Committee noted with satisfaction our struggle against privatization and FDI hike. The intensity of the struggle which involves mobilization of people to our view point through various methods has paid rich dividends. This campaign along with the unwavering support of the CPI (M) and other Left Parties to our struggle has succeeded in preventing the Government so far to further liberalise the sector through the intended comprehensive legislation on insurance. The Government through this legislation wants to lay a road map for privatization of public sector and create conditions advantageous to private sector and foreign capital. The Indian insurance has registered the highest growth rate in the world and the size of the population and the proportion of working population have made India a very attractive destination for foreign capital. Therefore all efforts would be made by the global finance capital for the increase in FDI to capture a larger portion of the increasing savings. The successes we have achieved should not lull us into complacency; rather we must draw inspiration to continue our resistance. The Working Committee decided that the local conditions require local initiatives to integrate our struggle with the struggle of the other sections of the people to further our cause and therefore the units must devise and carry out all programs that go to resist the attempts to privatize our industry.

MERGE THE FOUR PUBLIC SECTOR GENERAL INSURANCE COMPANIES

The Working Committee is fully convinced that with the opening up of the insurance industry, there is absolutely no need for the four public sector general insurance companies to exist as separate entities competing with each other for the same space. Therefore, the Working Committee demanded the merger of the four public sector companies into a single corporation. The benefits of such a consolidation would be enormous for the country. It would enable the public sector to better utilize the resources to achieve the objectives of nationalization. The Government, however, would be unwilling to consider this suggestion as a strong public sector will act against the interests of the private sector and global finance capital. Therefore, massive mobilization of public and political opinion is required to back up the demand. The Working Committee urged all the units of AIIEA in general insurance to take up the task of mobilizing public opinion and also approaching political leaders to inform them about the logic of our demand. This task has to be undertaken immediately.

40% wage rise demand absolutely reasonable

The present wage settlement ends on 31.7.2007 and a wage revision would become due from 1.8.2007. The Working Committee took up the exercise of finalizing the Charter of Demands to be submitted to LIC, GIPSA and to the public sector general insurance managements. A number of suggestions were made to the Draft Charter framed and circulated by the sub-committee. The Working Committee discussed in elaborate detail these suggestions received from various units. Finally, it was unanimously decided to place a demand for 40% wage increase for both the LIC and public sector General Insurance employees. The wage revision should become effective from 1.8.2007 for a tenure of 5 years.

The Working Committee justified the demand for a 40% wage hike in the background of the unprecedented growth registered by the public sector insurance industry. The LIC in the financial year 2006-07 grew at a phenomenal rate of 118%. The total premium generated by LIC touched Rs. 1,27,224 crores. This massive mobilization of premium by LIC has phenomenally increased the insurance penetration in India. The remarkable growth of LIC has enabled India to achieve a life insurance penetration of 4.1% and out-perform not just its peer countries but also a large number of developed countries including the United States.

The productivity of the employees has increased manifold and this is reflected in the continuous decline in the wage cost. The wage cost as a percentage of total premium has come down to 2.88% in 2006-07 from 6.07% in 2002. The total expenses of the management have also declined to an all time low of 12.4%. The LIC employees through their commitment and hard work have made LIC a truly world class organization and therefore they deserve a wage revision that has to be better than the best.

Similarly, the public sector general insurance registered a growth of 8.5% which is much higher than the average global growth rate of the general insurance industry. The four companies registered a growth in profits by 104% in the financial year 2006-07. The dividend pay out to the Government is expected to increase by over 100%. This remarkable growth has been achieved despite various attempts to destabilize the industry both by the Government and the managements. The increased productivity of the employees and the resultant growth makes the demand for 40% wage hike in the general insurance eminently justified.

The Working Committee cautioned that mere growth and profitability will not ensure wage hike to the insurance employees. A struggle would be required to back up our demand. Our justifiable demand would not find favour with the Government in the context of its commitment to neo-liberalism and attempts to erode the hard won rights of the workers including social security and permanency of employment as seen from the terms of reference to the 6th Pay Commission. Nor managements would be willing to concede the demand as seen from their unhelpful attitude in finding solution to various issues pertaining to the employees. Therefore, it is necessary that the insurance employees grasp the significance of the wage demand placed and by understanding the prevailing economic and political situation, be in readiness for struggles to achieve the same.

Attitude of the Managements

The Working Committee noted with great concern the inordinate delay in taking decisions by the managements on long pending issues concerning the employees. In LIC, despite repeated representations, the promised improvements in LTC, GSLI, extension of social benefits to the part time employees, etc. still remain unattended. Improvements in housing loan scheme and promotion policy still await serious consideration by the management. The LIC has also not recognized the year end toil of the employees and the demand of AIIEA for suitable compensation has gone unheeded. Similarly, on vital issues like recruitment, solution to temporary employees' issue and recognition of trade union, the LIC has not taken any concrete initiatives so far. On the issue relating to the allowances being paid to Cashiers and Internal Audit Assistants the management is yet to come out with a solution. This unnecessary delay and inaction of the LIC management is unacceptable and deplorable. The Working Committee warned the LIC management about their losing the goodwill of the employees which is the most important factor responsible for the growth of the institution. Similarly, in the general insurance industry, many of the long pending demands on non-core benefits still remain unattended. The GIPSA is fully concentrated on attacking the employees through the ill-conceived TMP rather than on development and growth of the industry. The actions of the management are destabilizing the industry. The Working Committee has warned the managements to immediately effect the course correction failing which a widespread unrest would engulf the industry. The Working Committee called upon the insurance employees to lodge a strong protest over the attitude of both LIC and GIPSA demanding them to correct the course to avoid the resentment of the employees and the resultant unrest.

The Working Committee has unanimously decided on the following program after a consideration of all aspects:

1. 31st July 2007 - Lunch hour demonstration in front of all offices of LIC against the attitude of the management. Telegrams to be sent to Chairman, LIC.
2. 31st July 2007 - Lunch hour demonstration in front of the offices of the general insurance companies demanding improvements in non-core benefits and against the TMP.
3. 8th August 2007- demonstrations in front of all offices in LIC and Public Sector General Insurance companies in support of the strike of unorganized workers demanding social security. Divisional, Zonal State and Regional Committees to send telegram to the Prime Minister. (Text of the telegram would be circulated later)
4. Gate meeting on the day Charter of Demands is submitted to LIC and GIPSA to explain the rationale of our demand.
5. Demonstrations on the opening day of the monsoon session of the Parliament to demand introduction and passage of the Women's Reservation Bill. Telegrams to be sent to the Prime Minister. (The Working Committee ratified this programme of action as suggested at the All India Women's Convention held on 16.7.2007). Text of the telegram would be circulated.

The Working Committee concluded after placing on record the massive efforts taken by the EZIEA, EZGIEA, the four Divisional Units of Kolkata and the WBSGIEA for the success of the All India Working Women Convention and the Working Committee meeting. More than 150 volunteers including 40 women comrades worked round the clock for the successful conduct of the events. The cultural troupes of the four divisional units in Kolkata gave scintillating performances on all the four days depicting the richness of our culture and wonderful diversity of our nation.

Comrades, we have set our goals very clearly. We need to strive and struggle to attain our goals. It is important to note that the attacks on our industry and our living standards emanate from the neo-liberal policies of the Government. These policies have to be resisted by building common bonds with the other sections of the toiling and working people. Let us move forward with confidence to fulfill the tasks that we have set for ourselves.

With greetings,

Comradely yours,

General Secretary.

Telegram to be sent to the Chairman, LIC of India, Mumbai from the demonstrations to be held on 31.7.2007

“LIC employees deplore and agitated over the extraordinary delay in settling issues including recruitment, temporary employees, compensation for the overtime work done in March 2007, improvements in LTC and housing loans, protection of benefits under cashier and internal audit assistant allowances, issues of part time employees and recognition of AIIEA. Demand immediate settlement of all these issues”