

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDING SECRETARIAT ROAD HYDERABAD

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16th August 2007

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

Dear Comrades,

Information Sharing Session

The Information Sharing Session convened by LIC commenced at 11am on Aug 13, 2007 with a joint sitting of all Unions. Sri T.S.Vijayan, Chairman, Sri D.K.Mehrotra, Sri T.Thomas Mathew, Sri A.K.Dasgupta, Managing Directors, Sri Kamalji Sahay, ED (P) and other officials represented the LIC. The AIIEA was represented by Coms. K.Venu Gopal, General Secretary, B.S.Sharma, Vice-President and Amanulla Khan, Joint Secretary.

The session began with the Chairman making a power point presentation of the growth, challenges of competition and the futuristic vision of the Corporation. The Chairman complimented the entire work force for the sterling new business performance for the year 2006-07 that enabled LIC to regain 3% market share. Encouraged by this performance, the LIC has set a first premium target of Rs.52500 crore through sale of 4.28 crore policies for the financial year 2007-08. The Chairman exuded confidence on LIC retaining the market leadership through continuous market exploration and exploitation. The LIC has drawn an action plan of geographical expansion, better leveraging of IT, introduction of innovative and flexible products to meet the customer need. The Vision 2012 of LIC envisages the institution to become the dominant financial conglomerate and therefore it intends to expand into credit cards, health, pension, reinsurance and mortgages businesses. The Chairman also said that to sustain the growth, LIC would go for need based recruitment.

Responding on behalf of AIIEA, the General Secretary said that the growth of LIC is a by product of the growth of Indian economy and the minds must be disabused from the understanding that the growth is the result of the competitive environment alone. Pointing out that the growth is mainly contributed by unit linked business, he said that a better focus is required on conventional business to sustain growth and improve the quality of business. He also said that in trying to become a financial conglomerate, the focus should not move from our core competency and businesses. While the role of the employees is acknowledged, it is not encouraging to see that the issues of employees remain unresolved despite repeated representations. Such an attitude would endanger the industrial relations. The AIIEA demanded a time frame for recruitment including a solution to the empanelled, temporary and badli employees. Similarly, the AIIEA demanded resolution to the long pending issues of the employees within a time-frame. AIIEA also pointed out

about the need to resolve the issue of Cashiers/IAA allowance within the month of August 2007.

Individual Discussions with AIIEA

A delegation of AIIEA comprising Coms.N.M.Sundaram, K.Venu Gopal, B.S.Sharma and Amanulla Khan held separate discussions with ED (P) and other officials in the evening. The delegation expressed unhappiness over the lack of response and delay in taking decisions on various issues represented by AIIEA.

Recruitment: The AIIEA said that recruitment has become urgent with a massive increase in the volume of business. AIIEA also reminded the management about their commitment to go for an early recruitment. The issue of recruitment also involves finding a solution to the problems of panel, part time and badli employees. The Officials reacted by saying that they are seriously considering the suggestions made by AIIEA and they would be ready with their opinion soon. They assured the delegation that before the end of the calendar year, the process of recruitment would be initiated.

Special Allowances of Cashier and Internal Audit Assistants: We expressed our disappointment over the delay in responding to this problem despite repeated representations from AIIEA. The ED (P) informed that the issue has already been taken up with the finance ministry and LIC is confident of finding a solution before the end of this month. They assured that they would be approaching the ministry once again during the next few days to follow up with the officials to get the issue settled.

Increase in GSLI: The LIC has proposed substantial enhancement of GSLI and is awaiting approval from the Board.

Improvement in LTC: The ED (P) informed that the improvement in LTC and simplification of rules is being worked out and they hope to make recommendations to the Board within the two months.

Improvement in Housing Loan: The AIIEA's demand for increasing the subsidized quantum of loan, second loan for desirous employees and simplification of rules is under active consideration. The LIC has requested AIIEA to reconsider its stand on the transfer of HPF portfolio to LIC HFL. AIIEA reiterated its reasons for its stand on the issue.

Recognition of AIIEA: The delegation pointed out that there is no justification in delaying a decision on recognition of AIIEA. The representative character and the support the AIIEA commands has been demonstrated time and again. The LIC therefore should initiate early steps

in according recognition to AIIEA. The ED (P) informed that the matter is being discussed at the higher level.

The delegation also discussed issues relating to promotion policy, Pension, RPT employees, staffing pattern of satellite branches, residuary issues of last wage revision, anomalies on promotion with the denial of stagnation stage for fitment, compassionate appointments and many other individual issues. The AIIEA stressed that the Central Office must devote their attention to find early solutions to the issues represented.

Delegation meets the Managing Director

The AIIEA delegation also met Shri A.K.Dasgupta, Managing Director to apprise him of our demands on various issues and the need to find early solution. The Managing Director assured the delegation that appropriate actions would be taken as he understands the sensitivities of the issues. The AIIEA represented the following two important issues to the Managing Director.

PLLI for 2006-07:

The AIIEA said that the employees expect the maximum PLLI for the year 2006-07. We also demanded in the course of our discussions that even if there were to be a small deficit in relation to some bench marks, the Chairman should condone the deficit for release of 6% PLLI in view of the best ever performance by the LIC. The Managing Director informed us that the auditors are yet to certify the accounts and the AIIEA's demand will be taken into view while deciding on the PLLI.

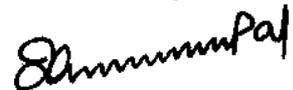
Over time Payment

The AIIEA pointed out the enormous strain and toil the employees went through in the year end to enable LIC to record a phenomenal performance. Though the dedication and commitment of the employees is appreciated, the LIC is still to act on the demand made by AIIEA for overtime payment. The Managing Director said that he is aware of the issue and the management is serious in evolving a package to compensate the employees in such situations.

Comrades, the AIIEA forcefully represented all issues and would relentlessly pursue for resolution of the same.

With Greetings,

Comradely Yours,



General Secretary