

# ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

LIC BUILDING SECRETARIAT ROAD HYDERABAD 500 063

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**2<sup>nd</sup> September 2009**

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

Dear Comrades,

## **OBSERVE ONE DAY STRIKE ON 16<sup>TH</sup> SEPTEMBER 2009 DEMANDING IMMEDIATE MEANINGFUL WAGE NEGOTIATIONS**

It is more than two years since the wage revision in public sector insurance industry fell due. No worthwhile efforts are made to seriously engage the unions in negotiations to settle the genuine demands of the employees and officers. The public sector insurance industry grew by leaps and bounds since the last wage revision. In LIC at the time of last wage revision, the wage cost accounted for 6.02 percent of the total premium income. This cost declined to 3.19 percent by the time the present wage revision fell due. This indicates a brilliant all round performance of the institution with unstinted support and devotion of all sections of the work force. During this period the public sector general insurance companies recorded a very impressive performance in terms of underwriting gross direct premium income and increased productivity of the employees. It was in this background that AIIEA placed a demand for wage revision commensurate with the growth of the institution. The LIC management could not find fault with the demands placed by AIIEA in the context of the increased productivity and growth of the institution.

In the information sharing session held on 16<sup>th</sup> June, the LIC management offered a wage increase of 15 percent. The LIC management was unable to justify these offers except to take up the position that this was what the government had cleared.

In the banking industry something strange happened which was unknown hitherto. The IBA had offered to the unions in banks a wage increase of 17.5%. But on 17<sup>th</sup> June 2009 the IBA informed the unions that they are withdrawing this offer and were prepared for only 15% increase. In a subsequent discussion the IBA further reduced the offer to 13%. This was done evidently under pressure from the government. It was only the united strike of the bank unions for 48 hours that could get the earlier offer of 17.5% restored. The direct interference by the government is an attack on the very concept of collective bargaining.

The UPA government says that the wages in the public sector can be determined on the basis of the profitability of the enterprise as long as it is not required to share the cost from the public exchequer. But the way negotiations are being conducted in insurance industry clearly indicate that there is interference from the government in the entire process. Not only the government is dictating what should be the level of wages but it is also insisting on the managements to attach certain conditionalities to the wage revision. This is not acceptable.

LIC has registered a healthy growth in the total premium income during 2008-09. The total premium income of LIC stood at Rs. 1, 57,186 crores with a growth of 5% over last year. This has happened in a year when the financial crisis greatly impacted the Indian economy. LIC settled over 149 lakh claims, to the tune of Rs. 37,893 crores during 2008-09. LIC settled 99.74% claims thus keeping up its record of claims settlement. The contribution of LIC to the nation building activity is unquestionable. LIC invested Rs. 5, 29,525 crores in government and social sector investments as at 31.3.2009. The management of such a vital organisation successfully running their business has to be trusted with certain decision making including on the issue of wage revision.

It is very disappointing that LIC, the biggest financial institution in the country, with more than Rs.8.73 lakh crores of assets, has failed so far to assert its right to settle wage revision to the employees on the basis of its performance and financial strength.

The wage revision in the insurance sector is already delayed. The demand of the unions for a good wage revision is totally justified. These demands have to be met without further loss of time. But the interference of the government and the LIC management's inability to assert itself has created a situation where the officers and employees of LIC are left with no other alternative than to press for their demand through a collective action.

It is in this background that ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION CALLS UPON THE CLASS III AND CLASS IV EMPLOYEES IN LIC FOR A ONE DAY STRIKE ON 16<sup>TH</sup> SEPTEMBER 2009 TO DEMAND IMMEDIATE MEANINGFUL WAGE DISCUSSIONS LEADING TO A SATISFACTORY SETTLEMENT OF THE WAGE REVISION.

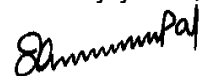
AIIEA calls upon the employees to observe the following programme for a successful implementation of the strike call.

**Lunch hour demonstrations on 09-09-2009**  
**Lunch hour demonstrations on 15-09-2009**  
**ONE DAY STRIKE ON 16-09-2009.**

Federation of LIC Class I Officers' Associations and All India Life Insurance Employees' Association have also decided to give similar calls for the strike on 16<sup>th</sup> September 2009. NOIW and NOINO have informed that their organisational forums are being consulted to finalise a decision for the strike.

AIIEA is in touch with the other unions/associations and we are confident that the strike action on 16<sup>th</sup> September 2009 will be observed massively across the country. We call upon the employees in the public sector general insurance companies to observe solidarity demonstrations on 16-09-2009 with a similar demand for commencement of wage negotiations in the insurance sector.

Comradely yours,



General Secretary