

**ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION**  
**LIC BUILDING SECRETARIAT ROAD HYDERABAD 500 063**

**Cir.No.20/2009**

**6<sup>th</sup> November 2009**

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

Dear Comrades,

**Discussions with LIC on wage and other issues**

The strike action on 16<sup>th</sup> September 2009 finally forced the government and the LIC management to call the unions for a further discussion on the wage issue.

The information sharing session convened by LIC commenced as scheduled on 3<sup>rd</sup> November at Central Office with a joint session. In this meeting LIC was represented by the Chairman, Managing Directors, Executive Director (P) and other officials. The AIIEA was represented by Coms Amanulla Khan, President, K.Venu Gopal, General Secretary and V.Ramesh, Joint Secretary.

The Chairman in his address at the joint session detailed the growth of LIC during the first half of the year. The total first year premium income underwritten by LIC reached Rs.25,814 crores under 1.40 crore policies with a growth rate of 35.21% in premium and 12.75% in policies. He pointed out that major contributors for the increase in the market share of LIC were the Individual Single Premium Policies and Group Business. He shared a concern that the margin for management expenses in these areas is minimal. He also pointed out that the period during January and February 2010 poses the challenge of meeting and overtaking the collections under Jeevan Astha during the same period last year. He also pointed out that the IRDA instructions regarding cap on the charges under ULIP products may change the business dynamics regarding ULIP policies which used to occupy a major space in earlier years. He also pointed out to the release of a new product Jeevan Nischay for our existing customers.

The Chairman pointed out that certain initiatives like MASH are needed to create space for individual-customer-centric initiatives like Help Desk, CRE and Customer Contact Program etc. On the recruitment front, he added that the new recruits in Assistant cadre joined the respective offices in the month of April 2009. 400 new AAOs will be joining LIC in the month of December and nearly 5000 new development officers are going to be recruited. He informed the session that LIC won accolades in different spheres of activities including Reader's Digest Trusted Brand Award (Platinum) 2009, IT user 2008 NASSCOM Award, NDTV Business Leadership Award. **At the end of the speech the Chairman made an improved offer on wage revision from 15% to 17.5% wage increase over the wage Bill as on 1.8.2007.**

Responding to the speech of the Chairman, the General Secretary, AIIEA said that LIC's growth rate of over 35% in premium helped the whole life insurance industry to register a positive growth while the private insurance companies were in the negative growth mode. On the initiatives being proposed by the Central Office, he said that AIIEA is not against the initiatives to improve the policyholders' servicing but at the same time the Organisation has to have a proper perspective in evaluating the processes like MASH where the branches are to be supported in settling the Survival Benefits.

While responding to the offer of 17.5% on wage revision, General Secretary, AIIEA said that the offer is not acceptable as it falls much below the aspirations of the employees and does not reflect the performance levels of the LIC. He demanded the management to come out with an improved offer to facilitate proper negotiations. He also said that wage revision should not be linked to any conditionality and reiterated that New Pension Scheme for the new recruits is not acceptable to AIIEA.

General Secretary, AIIEA expressed concern that the promised improvements in housing loan including the second loan are inordinately delayed and the employees are becoming restive on this issue. He said that if there is any further delay on this issue, employees in many centres would face great difficulty in acquiring even a small flat due to the expected cost escalation. He also said that while the recruitment in Assistants cadre has been taken up, the recruitment of Class IV employees along with the solution to the problem of temporary employees should be taken up without much delay. He highlighted the plight of the many temporary employees with families to support eagerly waiting for a favourable settlement of their issue.

The AIIEA also demanded improvements in the pension with regard to 100% neutralization of the pre 1-8-1997 retirees and the upgradation of pension of pre 1-8-2007 retirees.

The other unions too expressed identical views on the issues of wage revision, housing loan and resolution to the problem of the temporary employees.

### **Individual Session**

In the evening the AIIEA delegation consisting of Coms. Amanulla Khan, K. Venu Gopal, V. Ramesh and H. I. Bhatt participated in the individual session of the discussions.

**The delegation reiterated AIIEA's demand for increase in the offer of 17.5% in the background of the performance of LIC which forms the basis for the aspirations of the employees.** Officials informed that they would go back to the government along with the response of the Unions. On the management's conditionalities like New Pension Scheme, withdrawal of certain leave benefits, Mobility, outsourcing etc., AIIEA reiterated that these conditionalities are not acceptable to AIIEA and that the wage revision should be without conditions.

On the issue of MASH, AIIEA informed that we would discuss further and inform the stand of the organisation. Here the officials assured that MASH would only supplement the efforts of the branches in meeting the huge volumes of SB payments and would not take away the work altogether. They informed that the urgency is in the background of large volumes of Bima Gold policies which are coming up for S.B payments in December 2009 onwards in addition to the S.B. payments under other policies. They gave the examples of branches in Howrah division in this context where the volumes are very huge and the branches may not be able to do it on their own without support. Officials also confirmed that the staff strength of the branches will not alter since many more functions are being added to the branches for customer care.

On the FEAP upgradation, the officials informed that these are necessary since the present FEAP programmes have almost become unrecognisable due to many versions and patches being loaded for the last 14 years. So, the current exercise is to make a fresh programme which would include certain features like facility to switching between menus (presently the cashiers for example, have to exit the menu of individual premium and then attend to ULIP premium and again exit the menu to attend to the individual premiums) and also providing for a better screen instead of the current black and white screen. On the issue of centralization of server to divisional offices, they informed that the branches would be provided with a server based on EDMS data and the programmers would have to continue to work at the branches supporting these servers. The officials assured that there would not be any fears of redundancy of Programmers in branches.

### **Actuarial Allowance:**

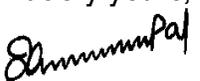
We raised the issue of payment of allowance for actuarial examinations. The officials informed that a new scheme is framed and the Chairman would be issuing instructions under the scheme. A concept of core group at Central Office and Zonal Offices is being introduced in the scheme, wherein the posting to the core group would be by a method of selection. The officials also informed that that the employees who clear actuarial examinations would get the allowance wherever they are posted, that is whether they are posted in CO, ZO, DO or a Branch office without any discrimination. Thus a long standing demand of AIIEA for payment of allowance irrespective of place of work is now conceded.

### **AIIEA meets the Chairman and the Managing Director**

The President and General Secretary of AIIEA met the Chairman separately and impressed upon him the need to immediately settle the wage revision keeping in view the aspirations of employees and performance of the institution. We pointed out that this was very important for the institution to meet the challenges confronting our industry. We also wanted the Chairman to intervene and settle the issue of improvements in housing loan.

The President and General Secretary also met Shri A.K.Dasgupta, the Managing Director. The AIIEA regretted the inordinate delay in notifying the promised improvements in the Housing Loan. The M.D assured that all steps are being taken to ensure that the improved housing loan scheme is put into place early.

These, in brief, are the details of the discussions AIIEA had with the LIC management on the 3<sup>rd</sup> November 2009. We will communicate the details of the individual issues discussed in separate letters to the respective zonal units.

Comradely yours,  
  
General Secretary.