

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDING SECRETARIAT ROAD HYDERABAD

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

Dear Comrades,

IT'S TIME TO REDEEM THE PLEDGE

What an extraordinary and marvelous organization LIC is... like no other – a perfect jewel!

With these glowing tributes Prof. Noel Machado concluded his research paper on LIC. Prof. Noel, a visiting Professor associated with Tata Institute of Social Sciences and other reputed institutions is not the first person to recognize the greatness of our institution. Nor, we are sure, he would be the last. Even the former Union Finance Minister P. Chidambaram had to acknowledge that **LIC is a jewel in the crown**. But what distinguishes Prof. Noel from others is his unhesitating acknowledgement that **LIC today is a marvelous organization because of the unimaginable commitment and hard work of its employees**.

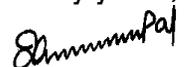
It is this commitment and pledge of the employees to take their institution to dizzying heights that saw yet another stupendous performance by LIC in the financial year 2009-2010. The LIC outperformed the industry to record a growth rate of 33.87%. The First Year Premium income of LIC stood at Rs.70, 891 crores for the year 2009-10 as against Rs.52,954 crores for the year 2008-09. The total premium income (provisional) stands at Rs.1,82,200 crores with a growth rate of 15.91%. Inclusive of investment income, the total income of the Corporation stood at Rs.2,47,310 crores. The total investment portfolio of LIC as at 31.3.2010 crossed Rs.11 lakh crore. This spectacular performance enabled LIC to snatch back nearly 4% of the market share from its competitors. The LIC continues its amazing domination with a market share of 64.86% in new premium and 73.01% in number of policies.

The LIC employees have honoured their commitment to take the Corporation to dizzying heights. It is now the turn of LIC management to redeem their pledge of a good and satisfactory wage revision. Prof. Noel is on spot when he notes that “despite superlative performance, compensation to LIC people has lagged the market”. That precisely is the reason why AIIEA has been demanding some relationship between the premium income and the wage. The Government and LIC must understand that their excessive dependence on external factors rather than the strength of the institution would surely create disenchantment among the employees. In the process, the LIC would run the risk of frittering away the goodwill of the employees if their genuine and reasonable expectations continue to receive a raw deal. Such a situation would be harmful to the interests of the institution. We are confident that future has great potential for LIC. LIC is bound to take giant strides forward and even a conservative estimate suggests that the total premium income would rise to Rs.2,40,000 crores as at 31.3.2012 from Rs.1,27,782 crores as at 31.3.2007. Therefore, the LIC must recognize both the contribution of the employees and potential growth of this great institution in deciding the levels of wage compensation.

The performance of the public sector general insurance is no less spectacular. The four PSU companies together have underwritten a Gross Premium of Rs.20,592.15 crores as against Rs.18030.86 in 2008-09 recording a growth of over 14 percent. United India Insurance Company announced its figures for the financial year 2009-10. It has recorded a Profit after Tax of Rs.707.09 crores (an increase of 48.67% over the previous year). Investment income also has shown an increase of 55.35% over the previous year. United India has also shown the highest growth rate in premium of 22.47%. It is certain that the other three companies too would soon announce magnificent financial results. The unprecedented growth of the public sector general insurance industry has tremendously enhanced its paying capacity.

The employees of LIC and PSU general insurance companies have delivered a stunning performance. This stunning performance has come when the insurance industry worldwide is struggling and the Indian economy is yet to fully come out of the slowdown. Such a sterling performance of the institutions and the contributions of the employees just cannot be ignored. It is good that the LIC has committed to work for a satisfactory wage settlement taking into consideration the aspirations of the employees. The Chairman of GIPSA has also expressed similar feelings. **It is now time for them to redeem the pledges without further loss of time.**

Comradely yours,



General Secretary.