

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

LIC BUILDING SECRETARIAT ROAD HYDERABAD 500 063

Cir.No.8/2010

5th March 2010

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

HOUSING LOAN

AIIEA had been taking up the issue of improvements in the housing loan scheme for the past more than two years without any respite. The major demands have been increase in the quantum and **provision for second housing loan**. In the Board meeting of LIC held on 17th November 2009, the proposals for improvements in housing loan were discussed and approved. AIIEA communicated the details to the units through its letters dated 18th November 2009 and 19th November 2009.

On 9th December 2009 AIIEA sent a note of suggestions to the Central Office on the issues to be taken care while issuing the circular. This was followed up by a discussion at the Central Office on 15th December 2009. Thereafter, AIIEA has been making continuous follow up with the Central office for issuing the circular. LIC management has been informing about the efforts being taken to get concessions from the LIC HFL in the loans to be sanctioned to the employees. **Now, the Central Office circular No. CO/HPF/735 dated 4th March 2010 stands issued** with the following provisions.

All the confirmed employees of the Corporation are eligible for the loan (as against the earlier provision of three years service for the eligibility.)

LIC HFL has various rates of interest basing on the repayment period. The interest rate will be higher for longer repayment period. For the repayment period of 25 years, the LIC HFL Prime Lending rate is 12.5%. LIC management could secure a concession of 300 basic points (or 3%). Thus effectively the LIC HFL rate is 9.5%.

Cadre Loan to the employees would be at an interest rate of 5%. There is a subsidy of 1% from the side of LIC on the Extended Cadre Loan and this is over and above the concession given by the LIC HFL.

Further on the new loans being sanctioned between 15.3.2010 to 31.3.2011 the rate of interest shall be 9% and is fixed for two years.

The following suggestions made by AIIEA in its note dated 9th December 2009 and discussion with CO officials on 15th December 2009, were incorporated in the Circular.

- 1) Take over of Loans availed earlier with LIC HFL or any other financial institution
- 2) EMI to be calculated notionally for 25 years or upto the date of retirement or **70 years of age in case of employees eligible for pension**
- 3) In case of flat scheme, the benefit of availing difference in loan quantum to be allowed to enhance the comfort/utility and add value to the property
- 4) Loan should be sanctioned considering the income of the spouse of LIC employees
- 5) Part-repayment of loan to be allowed

The efforts of the AIIEA in projecting the demand for the second loan and clinching it alongwith improvements in the loan quantum have borne fruit and thus the long pending and long awaited improvements in the housing loan have now become a reality for the employees. AIIEA congratulates all the units and the employees on this achievement.

Comradely yours,



General Secretary.

Please note the following correction in cir no 7/2010. In the first para sixth line the date of the Joint session of Parliament should be corrected as 22nd February 2010