

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDING SECRETARIAT ROAD HYDERABAD 500063

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

Dear Comrades,

AIEA SECRETARIAT DECIDES

- **Strike actions against Insurance Reforms Bills**
- **Constitutes Charter Sub-Committee**
- **Demands immediate solutions to the problems relating to Housing Loan and the E Feap**

The Secretariat of AIEA met on the 19th November 2011 At New Delhi as scheduled. Com. Amanulla Khan, President, AIEA, presided over the meeting of the Secretariat.

The Secretariat reviewed the struggle against privatisation, including the latest campaign by the units of general sector on the issue of merger of four companies, amidst the government moves to speed up the process of reforms. The Government has listed the LIC Act (Amendment) Bill 2009 and PFRDA Bill for discussion and passage in the winter session of Parliament. This is a serious situation warranting a matching action from the organisation.

It may be recalled that the Parliamentary Standing Committee (Finance) in its unanimous report submitted to the Parliament on 12th March 2010 said that while increase in the Capital from Rs.5 crores to Rs.100 crores may be allowed, any further raise in the Capital in excess of Rs.100 crore, if and when required, may be provided by moving an amendment to this effect in the Principal Act governing LIC through parliamentary appropriations. As can be seen, the Standing Committee rejected the proposal for future hike in the Capital through government notification.

The report also ruled out any change in the pattern of surplus distribution and recommended the retention of existing pattern of 95% surplus to policyholders and 5% to the government. Further, the report also noted that as sovereign guarantee is the key to LIC's pre-eminent position in life insurance business, the considered view of the Committee was that this stature bestowed on LIC by Parliament should not be diluted in any manner under the pretext of providing a level playing field in the insurance sector.

AIIEA in its Circular 10/2010 of 14th March 2010 while congratulating the employees on this development had cautioned that:

“The Report of the Standing Committee has vindicated the stand of the AIIEA. We expect that the Government would accept the suggestions and recommendations of the Committee in the best traditions of democracy. But our experience suggests that the Government may not stick to democratic norms when it is inconvenient for them. Therefore, we need to keep our vigilance and continue our campaign against the further liberalization of insurance sector without any let up”.

It now appears that our assessment of the character of the government is absolutely correct. According to the informed sources, the government is unlikely to accept the recommendations of the standing committee and is determined to push through the legislation without much change. This clearly indicates the democratic deficit in the governance and its overriding commitment to neo-liberalism and privatisation. This Bill, we hold the opinion is the first step towards privatisation of LIC and therefore demands a strong response from the organisation. Hence, the Secretariat reiterated the decision of the Diamond Jubilee Conference of AIIEA that the LIC employees would **observe a flash one day strike in the event of the passing of the Bill in the Parliament to the detriment of the policyholders’ interests and public sector LIC.**

This democratic deficit is also seen in the PFRDA Bill as approved by the Cabinet for passing in the Parliament. While clearing the bill for passing, the Cabinet set aside all the major recommendations of the Standing Committee, viz.,

- 1) that the return on investment should be guaranteed
- 2) FDI limit should be specified in the Act so that any proposal for increase should be brought before the Parliament
- 3) Multiple withdrawals should be allowed to suit the needs of the employee/worker

Government did not want to guarantee any minimum return, FDI limit in the Pension Sector can be increased through an executive notification and withdrawal can only be once under very pressing circumstances. The Secretariat decided to support the planned struggle of the government employees on the PFRDA Bill and decided to hold protest demonstrations in case the Bill is passed by the Parliament.

Similarly, the government is also in a hurry to pass the Insurance Laws (Amendment) Bill which aims at increasing the FDI limit to 49% and to allow disinvestment of the PS General Insurance Companies. The Standing Committee is being coerced to submit the Report on this legislation early. In the meanwhile the multinational corporations have also been impressing the Prime Minister to speed up the hike in foreign equity in insurance.

In a letter dated 15th November 2011, Insurers’ Associations from USA, UK, Canada, Europe, Japan and Australia urged Prime Minister Manmohan Singh “to take into account the relevant short and long term benefits of raising the FDI limit and permitting the establishment of branches by foreign reinsurers and act accordingly”.

A government totally committed to neo-liberalism is too willing to oblige. In this context, the Insurance employees should be ready to meet the challenge. **The Secretariat decided that in the event of the Bill being passed the insurance employees, both in life and general sector, should respond with a powerful strike action** and bring it to the notice of the people of the country the intentions of the government to privatise the hard earned savings of the people.

The Secretariat decided that in all offices of LIC and PS general insurance companies there shall be powerful demonstrations during lunch recess on 22nd November 2011, the first day of the winter session of the Parliament, opposing the government's moves. This programme was successfully implemented across the country. Press releases issued by various units were widely covered in the news papers taking this activity to the people.

PROBLMES RELATING TO HOUSING LOAN AND e-FEAP

The Secretariat demanded LIC management that the issues relating to Housing Loan particularly in regard to calculation of EMI and subsidy should be resolved without further delay so that the benefit of the improvements are passed on to the employees.

The issues relating to eFEAP were also discussed. While AIIEA appreciated the need for modifying the present feap to meet the organisational needs in tune with the heavy increase in the number of policies, AIIEA demanded that the problems thrown up in the process of introduction of eFEAP should be resolved on day to day basis without inconveniencing the policyholders and the agents. For this, the CO or ZO can take control of the systems in the divisions during the phase of introduction so that day to day progress can be directly accessed. Secondly, training for the programmers and the users in the departments also should be upgraded with the inputs secured from various branches. The minimum check list for the programmers and the users in the departments should also be made out.

CHARTER SUB-COMMITTEE CONSTITUTED

The Secretariat also noted that the next wage revision falls due on 01-08-2012. The Secretariat decided to submit a Charter of Demands reflecting the aspirations of the employees at the appropriate time. With this understanding, the Secretariat constituted a Charter Sub Committee with Com. V. Ramesh, Joint Secretary, AIIEA as the Convener, and the Secretary, Standing Committee (GI) and the General Secretaries of Zonal Units in life sector as the members. The President and General Secretary of AIIEA will be ex-officio members of the sub-committee.

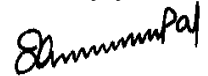
The Secretariat also reiterated its earlier decision that the issues relating to pension should be focussed, if necessary, through a direct action of the employees.

The Secretariat of AIIEA also noted the possibility of a joint campaign on the common issues with the unions in insurance and banking sectors.

The Secretariat was unanimous in its understanding that the present situation is favourable to the struggles of the working class. The working class is uniting and launching struggles across the world against neo-liberalism and barbarities of capitalism. The "Occupy Wall Street" movement in the USA and protests in nearly a 100 countries in all continents is an indicator of the people's anger against the neo liberal policies emanating from the very country where capitalism was regarded as the only alternative. The very same media which initially termed these demonstrations as anarchic has now to sit up and take notice because of participation of large number of people in these movements.

The Secretariat noted that the call for Jail Bharo on 8th November 2011 given by the Workers' Convention held at Delhi was a massive success with several lakhs of workers courting arrest demanding attention of the government and solution to their demands. The Secretariat expressed confidence that with a large unity developing in India among all the Trade Unions, the voice of protest against the policies of privatisation, price rise, unemployment and others is definitely going to become stronger in the days to come. The Secretariat called upon the insurance employees to be rightful and proud partners in the struggles chalked out jointly by the Trade unions in protecting their industry and in fighting on the people's issues. Let us embrace the struggles with confidence in the fact that the future belongs to the workers.

Comradely yours,



General Secretary.