

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
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To

All the Zonal/Divisional/State/Regional Units

Dear Comrades,

We reproduce hereunder the editorial on LIC's performance in Insurance Worker for the month of November, 2019.

With greetings,

Comradely yours,



General Secretary.

REMARKABLE PERFORMANCE – MALICIOUS CAMPAIGN

The performance of LIC in the first half of the current financial year 2019-20 has truly been remarkable. The LIC procured first year premium income of Rs.89980.22 cr registering a growth of 42 percent over the corresponding period last year. The LIC gained 6 percentage points during this period to record a market share of 72% in premium income and 73% in number of policies. The dominance of LIC continues in single premium segment and group business where its share is 77.29% and 82.22% respectively. The Corporation must make a determined effort to improve its share in the non-single premium segment where it is lagging behind now. The LIC is giving a serious focus to this segment of the business and it is expected this will deliver the necessary results.

The performance of LIC has to be seen in the background of the adverse economic conditions plaguing the country. The economy is in a deep hole and growth has considerably slowed down. The crisis has resulted in millions of job losses and the country is faced with 45 year high unemployment rate. The youth unemployment is nearly 30 percent. The crisis has squeezed incomes adversely affecting disposal incomes. The economy is suffering from demand constraint. In such adverse economic conditions, the performance of LIC is magnificent. But it must be understood that the economic slowdown will catch up with the insurance industry too and therefore LIC must develop tactics and strategies to meet this challenging situation.

During this period the LIC is also subjected to a vicious and malicious campaign. Outright lies and falsehood is being spread on social media against LIC. The Whatsapp University has engaged itself in malicious campaign that policy monies in LIC are not safe and predicting a dooms day. The national media owned and controlled by big Corporate Houses has been presenting a bleak picture stating that LIC is suffering massive losses by investing in other public sector units. Fanciful figures of alleged losses suffered in the stock market are flashed to create an impression that LIC is not judicious in investing the funds of the policyholders. These vested interests have to be fought back and exposed.

The LIC is mandated by Parliament to ensure safety of the policy monies and direct its investment in areas of public good that enhances the life and living conditions of the people. For the last 63 years LIC has ensured safety of policy monies, rewarded policyholders with decent returns and has participated in the nation building exercise. The magnificent work of LIC has earned the trust of the insuring public and admiration of the nation as a whole. This is the reason that the insuring public have dismissed with contempt the malicious and vicious campaign and trusted their savings and future with LIC. The 42 percent growth LIC recorded during this period is the loudest statement of trust of insuring public and an appropriate answer to all its detractors. This is a clear demonstration that no mud thrown at LIC can stick and this great institution will continue its triumphant march insuring lives and putting sincere efforts to make a difference to the life and living conditions of all our countrymen and women.

It is a matter of pride that LIC is the single biggest investor in the Indian economy. It makes judicious investments to advance the interests of the policyholders while at the same time make available to the government funds for infrastructure and social development. Nearly 82% of the investments of LIC are in Central, State Government securities and other approved securities. Out of the total investments of LIC, only around 18% are in the equities. The annual surplus available for investments for LIC ranges from Rs.3.5 to 4.5 lakh crore. Of this, the LIC invests around 60-65 thousand crore in equities. The total investments of LIC in equity and preference shares as at 31.3.2018 stood at Rs.459225 crore which translates into 18.25% of the total investments. The LIC is the largest investor in the stock market and it holds stake in hundreds of companies both in private and public sector. Interestingly the criticism on LIC is for its investment in the public sector undertakings. The LIC earned an income of Rs.197894 crore from investments for the year 2018-19. It earned Rs.23621 cr in the last financial year from the equity market. It paid Bonus to the policyholders amounting to Rs.50000 crore. This shows how strong and sound LIC is.

The campaign that LIC is suffering losses in the stocks is done with an ulterior motive. The national media and the corporate sector are aware that LIC is a long term investor. Its obligation to the policyholders is long term and therefore it judiciously makes long term investments to match its assets and liabilities. It is a contrarian investor and buys when the market is on decline and sells when the market moves upward ensuring decent long term

returns to its policyholders. The alleged notional losses have no meaning in these circumstances. The LIC has grown to be the finest financial institution and therefore these campaigns are a part of the conspiracy to edge the government to privatise LIC. These worthies forget that LIC itself was created due to the frauds committed by them on the policyholders. Today they demand privatisation of this institution to benefit from its enormous value. This conspiracy shall not be allowed to pass.

The government today is desperately in need of resources. Like a bankrupt family, it has been attempting to sell the family silver. It has raised the disinvestment target by over 50 percent. It is compromising on energy security by deciding to sell BPCL which has been giving enormous profits to the government year after year. The apologists of neo-liberalism have been egging on the government to unlock the enormous value of LIC by privatising it. This cannot be allowed. For the LIC employees, it is not just a financial institution and their employer. It means much more than that to them. LIC is their ideological commitment. The LIC employees will defend their beloved institution and protect the interests of the policyholders with all the strength at their command for the sake of India's economic interests. Let our adversaries take note of this.

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