

**ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION**  
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2<sup>nd</sup> March, 2019.

To  
All Zonal / Divisional / State / Regional Units,

Dear Comrades,

**Final Pension Option secured**

We understand that the Finance Ministry has approved a final pension option to LIC and PSGI employees as recommended by the two institutions. The LIC and GIPSA are awaiting formal communication from the government on this issue. We have requested LIC and GIPSA to speedily move to ensure immediate notification of this decision. This requires a simple amendment to Rule 3 of the LIC Employees Pension Scheme 1995. This done, the process of implementation will have to be streamlined. The Final option will be extended to all those employees, serving or retired who did not exercise the option earlier.

The insurance employees were agitating on this demand for more than a decade. This demand became relevant and important as economic conditions changed with a lower interest regime and pension becoming attractive with the introduction of full DA neutralisation in the year 2000 effective from 1.8.1997. Thereafter a few more improvements in the Pension Scheme came about with dependent parents, widowed/divorced daughters becoming eligible for family pension. The LIC and GIPSA accepted this demand and had recommended to the government for a final option on pension. There was vigorous follow up by both the institutions and Shri S.K.Roy, Chairman LIC wrote a detailed letter to the government on July 4, 2014 giving details of the cost and how it could be absorbed as the net worth of the Corporation increases. The letter cogently argued that this cost can be absorbed with the rising premium income and generation of increasing surplus. The GIPSA too sent similar calculations.

However, the government abolished the Defined Benefit Pension Scheme with effect from 1.1.2004 for its own employees had also unilaterally imposed the Defined Contributory Pension Scheme effective from 1.4.2010 on all employees joining LIC thereafter. The AIIEA had protested against this action with a walkout strike. In view of this political decision, the government rejected the recommendations of LIC and GIPSA. On a question raised in Parliament on two occasions, the government informed that they cannot give another pension option to insurance employees. The first occasion was on 2<sup>nd</sup> December, 2016 and the second was on 16<sup>th</sup> December 2016. On both these occasions Minister of State in the Ministry of Finance Shri Santosh Kumar Gangwar informed that it is not possible for government to extend another pension option to insurance employees. Subsequently in June 2017, the government sent a letter to LIC rejecting the recommendation for a final pension option.

The AIIEA did not give up the struggle. It continued to pursue the issue with LIC and GIPSA. We held detailed discussions with Shri V.K. Sharma, Chairman on 2<sup>nd</sup> August 2017 and impressed upon the need to continue to follow up with the government. The Chairman agreed and took up the issue with government again. Similarly, AIIEA met Shri G. Srinivasan,

Chairman, GIPSA and he too agreed to continue to pursue this issue with the government. The AIEA backed this demand with a number of strike actions. We also had joint action programmes with Federation of LIC Class I Officers' Associations, NFIFWI and other organisations. Along with this political efforts too continued. A delegation of unions in General Insurance including AIEA led by Com D. Raja, MP CPI met Shri Arun Jaitley, Finance Minister on 27.9.2018 and requested for positive consideration of the demand.

On February 12, 2019, a delegation of AIEA accompanied by Com T.K. Rangarajan, MP, CPI(M) met Shri Rajiv Kumar, Secretary, Department of Financial Services and Addl. Secretary Shri Debasish Panda and explained the rationale of our demand on pension option as also the need to commence early wage negotiations. The Officials were appreciative of our reasoning. The discussions were very positive and details were communicated through our circular dated 12/2/2019. On 13<sup>th</sup> February, 2019 the leaders of AIEA, LIC Class I Federation and NFIFWI met at Hyderabad and decided on a program of agitation including one hour strike on 1<sup>st</sup> March, 2019.

The leaders of the three organisations after a powerful demonstration in front of Central Office on 27<sup>th</sup> February 2019 met the LIC Officials. In these discussions, it was informed that the issue of pension option is in an advanced stage of consideration and LIC will soon open negotiations on wage revision. The delegation was requested to withdraw the strike in view of these positive developments. This was followed by a written communication to the three unions. The Unions, in view of these positive developments, deferred the 1<sup>st</sup> March strike.

Finally, a decade long struggle on pension option is reaching its successful conclusion with the Finance Ministry approving the recommendations of LIC and GIPSA to extend a final pension option. The negotiations on wage revision have also been opened up. This was made possible due to the combination of agitation and campaign. We take this opportunity to record our appreciation to LIC and GIPSA for tirelessly following up the demand for pension option. Our special thanks to the former Chairman of LIC Shri S.K.Roy who made sincere efforts in this direction. We also appreciate the positive role played by Secretary and Addl. Secretary DFS. We thank Shri Arun Jaitley, Finance Minister for finally conceding the eminently justified demand.

A new struggle now begins on the issue of replacement of Defined Contribution Pension Scheme applicable to employees joined after 1.4.2010. This struggle has to be integrated with the broader struggle developing against NPS in the government sector. The AIEA will play an active role in this struggle.

We congratulate all insurance employees on this great achievement. We request them to continue to remain vigilant to ensure the flow of this benefit to the employees and in preparedness for higher struggles to protect our industry and secure other legitimate demands of the employees.

With greetings,

Comradely yours,



General Secretary.