

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDINGS SECRETARIAT ROAD HYDERABAD 500 063
(E-mail: aiieahyd@gmail.com)

Cir.No.09 / 2022

03 March, 2022

To
All the Zonal /Divisional /State /Regional Units

AIEA SECRETARIAT REITERATES
To Go on a One Day Strike the day IPO opens for Subscription
To Intensify the Struggle for realisation Wage Revision in PSGI Industry
To Intensify Agitation against Privatisation of PSGI Companies
To Join the Countrywide General Strike on 28-29 March 2022

The Secretariat of the AIEA met on 02 March 2022 through online mode. The meeting was called in the backdrop of the LIC filing the Draft Red Herring Prospectus (DRHP) with the capital market regulator SEBI. Apart from the IPO of LIC, the meeting also discussed privatisation of PSGI companies, the long delayed wage revision in PSGI companies and other issues related to the employees and insurance industry.

LIC IPO Issue:

The Secretariat was critical of the fact that the government was going ahead with its decision to list LIC in the stock market and offload part of its equity despite opposition from a vast section of Indian society including the intellectuals. The meeting underscored the fact that the worst apprehensions of the AIEA regarding the government's real intentions behind LIC IPO had come true. The DRHP filed with SEBI says that the IPO is 100 per cent Offer For Sale (OFS) by the Government of India and no fresh issue of shares by the LIC. The offer being an OFS, LIC will not receive any proceeds from the public issue and the entire amount will go to the government to cover its projected fiscal deficit target. The Secretariat was critical that the government was privileging the shareholders over the policy holders disregarding the fact that it is the policy holders of LIC who have bankrolled LIC's expansion over the years. The equity capital of LIC was increased from Rs.100 crore to Rs.6325 crore by appropriating free reserves and forfeiting the last two years dividend. The Secretariat felt that disinvesting part of it now amounts to handing over the entire value generated through policy holders' funds for maximisation of private profits. The meeting also deplored the fact that the surplus sharing formula between the policy holders and the shareholders was being changed from the existing 95:5 to 90:10 only with an intention to give extra benefits to a few rich shareholders at the cost of millions of policy holders of LIC. The Secretariat also did not find any merit in the arguments of the government and its hired pen pushers that the loss of the policy holders in terms of reduced bonus will be more than compensated by way of increased dividends because only a handful of policy holders will be getting the shares of LIC. The Secretariat was unanimous in its understanding that no proper valuation of the real estate of LIC had taken place and the embedded value as determined by the actuarial firm was a gross underestimation.

The Secretariat of the AIEA felt that there was a need for a sustained struggle on the issue. Appreciating the massive campaign and mobilisation undertaken by our units across the country, the meeting noted that our campaign had a definite impact on the government. The fact that the government had to incorporate a separate provision in the LIC Amendment Act committing itself to hold 51% stake in LIC for all times to come, the assurance to the policy holders that sovereign guarantee on LIC policies will continue and scaling down of IPO from the earlier projected 10% to 5% were all reflective of the impact of our campaign, noted the Secretariat. The meeting noted that a large number of prominent economists, journalists, retired bureaucrats, academicians and legal experts have supported our cause and have come out with novel arguments against the IPO of LIC. The meeting placed on record its appreciation of the tremendous

contribution of the People's Commission on Public Sector and Public Services. The Secretariat noted with satisfaction that the entire State of Kerala was getting united against the proposed IPO of LIC. The commendable efforts of Com. Dr. Thomas Isaac, former Finance Minister of the state of Kerala and Com. Elamaram Kareem, MP Rajya Sabha and State CITU Secretary of Kerala, in uniting students, trade unions, policy holders, peoples' representatives and the entire Kerala society came in for much appreciation. **In this context, the Secretariat appreciated the decision to organise a Dharna at Jantar Mantar, New Delhi on 5th March 2022 and called upon LIC employees to remain absolutely prepared to go on a One Day Strike the day the IPO opens for public subscription.**

Pending Issues in LIC:

The Secretariat noted with serious concern that LIC has not held any discussion on the residual issues of the Charter of Demands after finalisation of Wage Revision. The promised improvement on Family Pension and other related issues are yet to be honoured. The LIC taking shelter under the plea that their recommendations are pending consideration with the government cannot be accepted. The improvements in Family Pension were approved by the Board and they were sent to the government for formal approval nearly two years back. The LIC which has taken up a position that it is a Board managed company, cannot plead helplessness in securing approval to the Board recommendations. It is the responsibility of LIC to ensure that the recommendations of Board are approved and implemented. The Secretariat warned that if there is no solution to these issues, the industry will be engulfed in serious industrial unrest.


Wage Revision and Check Off in PSGI Companies:

The Secretariat of the AIIEA was unanimous in the understanding that the GIPSA management and the Government of India were unnecessarily dragging their feet on the issue of the inordinately delayed wage revision issue of PSGI companies. The meeting agreed with the understanding of the **Standing Committee (General Insurance)** meeting held at Hyderabad on 23rd February 2022 that there was a need to escalate the struggle under the banner of the Joint Front for a successful conclusion of the wage issue. Congratulating the PSGI employees for their brilliant campaign and struggle on the issue of wage revision and privatisation of general insurance, the meeting called upon our units in the life sector in and around New Delhi to provide all support and co-operation to our comrades in the general sector during their proposed **March to Parliament on 14th March 2022**. The Secretariat called upon our units in PSGI companies to earnestly prepare for the proposed **Check Off** exercise likely to take place in early next financial year. Due to the persuasion of AIIEA, GIPSA has also recommended improvements in the Family Pension to the government. The Secretariat decided to follow up this issue vigorously for early approval and implementation.

On the Need for Broader Unity:

The Secretariat of the AIIEA noted that a large number of organisations representing the workers from the organised and unorganised sectors are joining hands and building up solidarity against the destructive policies of neo-liberalism and privatisation. Ten Central Trade Unions and a large number of independent all India service federations have decided to **organise a Two Day Strike on 28-29 March 2022**. Reiterating its understanding that this was an opportunity for insurance employees to widen and broaden their struggle against privatisation with the active support of millions of toiling people of India, the Secretariat called upon insurance employees **to wholeheartedly join this historic Strike for the sake of India's public sector, economy, the people and India herself.**

With Greetings,

Comradely Yours

General Secretary