

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
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To

All the Zonal /Divisional /State /Regional Units

Dear Comrades,

Meeting of the AIEA Secretariat at Hyderabad
Hails the Historic Wage Revision in LIC
Decides to Intensify Struggle for Wage Revision in PSGI Companies
Plans broad-based Struggle for Strengthening of Public Sector Insurance industry
Resolves to Consolidate the Organisation at all Levels

The Secretariat of AIEA met on the 16th& 17th of June 2024 at Hyderabad. The Secretariat discussed the political situation of the country especially after the declaration of results to the 18th general elections, developments pertaining to the insurance industry- both life and general, the significance of the landmark wage revision secured for LIC employees and issues relating to the organisation.

The secretariat noted that the Indian voters have exhibited remarkable maturity in exercising the franchise in the general elections. Apart from puncturing the aura of invincibility of the Modi government, the popular mandate also buttressed India's commitment to Democracy, Secularism, Pluralism, Inclusivity and Constitutional morality, felt the Secretariat. If the huge loss suffered by the BJP in UP was indicative of the limitation of communalism as a political mobilizational strategy, the loss in Maharashtra pointed to the popular disapproval of the BJP's narrow tactic of engineering splits in the ranks of the opposition. In sharp contrast to the shrill communal rhetoric of the ruling party, the opposition INDIA block focused on the real issues of the people viz., unemployment, price-rise, inflation, MSP, the need for protecting the Constitution and democratic rights and was rewarded with 232 seats. The secretariat noted that though the BJP's tally of seats has decreased, there is no marked decrease in its vote share. Whereas, BJP's vote share in the urban areas remained almost intact, it suffered in the semi-urban and rural areas where unorganized, unemployed workers and the marginalized people are more in number compared to the well-off. The Secretariat therefore cautioned that while there was no reason to be euphoric or complacent over the results, it nevertheless offered some democratic space to advance the people's struggles by broadening the unity of all sections of working people. While appreciating that the tally of the left parties had improved from five to eight in this election, the meeting also underscored the need for a deeper analysis as to why issues projected by the political left had failed to find an effective resonance amongst the people. The Secretariat congratulated insurance employees for taking up a spirited campaign on issues pertaining to the industry amongst the candidates of Lok Sabha elections at the call of AIEA.

Given the class character of the ruling class in India, the secretariat noted that there would not be any significant change in the direction of economic agenda of the new government. The commitment to neo-liberalism of the BJP and its alliance partners are known to everybody. The meeting was of the understanding that the Indian economy is in a crisis. Neoliberal economic

policies in India had spurred jobless and job loss growth which was unsustainable in the longer term. Noting that India's youth account for almost 83% of the unemployed workforce as per the India Employment Report 2024 of the ILO, the meeting discussed the grim employment situation in the country which was responsible for stagnant incomes and growing inequalities. Stagnant incomes and dwindling savings had led to such a dependence on bank credit that India's household lending has been increasing at a frenetic pace of 25% to 30% a year. Household debts had reached a staggeringly high level of around 40% of the GDP according to an analysis by Motilal Oswal. The meeting felt that the economy would certainly head towards a precipice if the household debts boom was not reined in. While the government is flaunting GDP growth of 8.2%, the inflation is around 4% meaning thereby that real growth rate was much less. There is no significant growth in the manufacturing sector. Growth is being driven by Service sector basically. The financial sector, an important component of the services sector, has contributed around 25% to the GDP growth in the last decade. The way the government has pushed the financial services industry to raise headline GDP growth in the last decade, the meeting underlined that attacks on the financial sector including insurance industry would mount in the days to come.

The government has already committed that it will bring in amendments to the Insurance Laws within the first 100 days of coming to power. Moreover, the government will also like to stick to its target of offloading 10% stake from the LIC over 7 years and 25% over 10 years since the listing in 2022. Discussing regulatory challenges confronting the insurance industry, the meeting noted that measures like composite insurance license, captive insurers, differential minimum capital requirements and mandatory insurance coverage targeting rural regions, social sector and motor third party obligations will hurt the public sector more than the private sector insurers. The secretariat meeting also noted that the IRDA's master circular specifying that insurers must pay Special Surrender Value after the first policy year itself will be antithetical to the interest of LIC as it has the potentiality of adversely affecting profitability as well as the VNB margins. Similarly, the provision in the master circular that general insurance companies cannot reject claims for want of documents though apparently looks to be customer friendly but has the potentiality of disrupting the industry, felt the secretariat. The Secretariat underscored that there is an imperative need to take up massive educational campaign among our members as also among the field forces on these issues.

The secretariat commended the performance of LIC and PSGI companies in the competitive environment. LIC had procured a NB premium income of Rs.29,074 crore as at 31st May 2024 and registered a growth rate of 46.35% (against the industry growth rate of 31.21%). LIC had also improved its market share to 61.48% as at end May 2024. The meeting also appreciated the performance of PSGI companies in the last financial year. While New India had substantially increased its profits from Rs.1245.22 crores to Rs.1445.48 crores, Oriental has also earned profits in the last fiscal. United India and National Insurance have substantially cut down their underwriting losses. The most notable thing about their performance is that Incurred Claims Ratio (ICR) of the PSGI companies has come down below 100% after a long time. The combined ratio of the PSGI companies has improved a lot and has come down by 15% to 22%. The management expenses have also come down by 40% to 50%. The meeting was of the unanimous understanding that consolidation of the PSGI companies was of utmost importance to ensure their all-round progress. With this spectacular turnaround, the Secretariat felt that the employees of PSGI

companies should be adequately rewarded with a good wage revision without further loss of time. The meeting also noted that GIPSA and the government should take immediate steps towards payment of family pension at a uniform rate of 30 per cent and enhancement of management's contribution to NPS from 10 to 14% for those recruited on or after 01.04.2010.

The Secretariat of AIEA reiterated its earlier understanding that imposition of 18 % GST on life and health insurance premium was an extremely deleterious move of the government. The Secretariat noted with satisfaction that our campaign on that score had succeeded to some extent when the Parliamentary Standing Committee on Finance headed by BJP MP Jayant Sinha had recognized this and recommended reconsideration of this. The meeting felt that there is a need to take up this campaign afresh. Similarly, the meeting also decided to join the larger struggle of the working people against privatization and integrate our struggle against further dilution of equity from the LIC, privatization of PSGI companies and demand of merger of PSGI companies to develop a broad-based struggle.

The secretariat was unanimous in acclaiming the achievement of a magnificent wage revision to the LIC employees in the face of a hostile atmosphere all around. The 17% wage hike with 16% loading is the singular achievement of AIEA, reiterated the Secretariat. The secretariat acknowledged the unfettered support of the jubilant employees who are voluntarily coming forward to register their appreciation by way of paying levy all over the country. The meeting underlined the need to consolidate the organization by way of imparting ideological training to the cadres so as to meet challenges in the future.

The secretariat was of the unanimous opinion that the issue of Recognition to AIEA brooks no further delay. Similarly, Recruitment to Class III & IV cadres is of grave necessity and AIEA has been demanding this for a long time. Though the management went repeatedly on record that recruitment will take place, nothing concrete has come about. With more and more retirements taking place, the work load on the employees is mounting. The secretariat took a serious view of the situation and came to the conclusion that the demand for recruitment can no longer be delayed.

With this understanding, the Secretariat of AIEA has decided the following programmes of action:

1. Lunch Hour Demonstrations followed by submission of memorandum addressed to Chairperson, LIC through the Officer-in-Charge of the Branch/DO/ZO on 01.07.2024 (AIEA Formation Day) **on the issues of Recognition to AIEA and immediate Recruitment in Class III & IV cadres of LIC.** The draft for the same will be sent by AIEA headquarters.
2. To continue the campaign on people's issues like unemployment, price-rise, inequality, India's diversity etc. with a view to making common cause with other sections of the workers.
3. The newly elected Members of Parliament and Rajya Sabha MPs should be approached and memorandum on the issue of 18% GST on life and medical premium should be submitted. They should be requested to take up this issue in the upcoming Budget Session of Parliament. Naturally, this activity has to be completed before the Budget Session.
4. AIEA will be writing to the Union Finance Minister and the Leader of the Opposition on these

issues soliciting their support.

5. **Campaign on the theme “Strong LIC for a Stronger India”**: Educative campaign in the form of Seminars, Conventions, Study Circles has to be taken-up among our members as well as the field forces to sensitise them on the implications of the regulatory challenges and how to meet them by utilizing the inherent strength of LIC.
6. In General Sector, campaign against privatization and demanding the merger of PSGI companies may be taken-up by enlisting the support of the Joint Front in General Insurance. The Standing Committee (General Insurance) which is meeting on the 30th of June & 1st of July at Hyderabad will take a final call on the modalities of this matter as also the contours of the struggle to secure wage revision for employees of PSGI companies.
7. A meeting of the **Working Committee of AIEA** is proposed to be held sometime in the month of December 2024. Similarly, the meeting also decided to organize the **6th All India Working Womens’ Convention** sometime around January/February 2025. The details of the same will be intimated in due course. The meeting also decided that the **27th General Conference of the AIEA** will be held at Bhubaneswar in the month of December 2025.

We request all the units to implement the decisions of the AIEA secretariat in right earnest.

With Greetings,

Comradely Yours



General Secretary