

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
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To,
All the Zonal/Divisional/State/Regional Units

Dear Comrades,

Ensure Massive Success of the 9th July 2025 One Day Strike Action

The one-day countrywide strike on 20th May 2025 called by the joint platform of Central Trade Unions and Independent Sectoral National Federations/ Associations representing all sections of the working people of our country was postponed following the dastardly terror attacks in Pahalgam and the subsequent standoff between India and Pakistan. The Central Trade Unions met in New Delhi on 15th May 2025 and deferred the Strike Action to 9th of July 2025. Our Units all over the country were in the thick of preparations for ensuring all-round success of the Strike on May 20th. We are confident that equally hectic preparations and campaign are underway to ensure massive success of the strike action on 9th of July.

There is no letup in the attack on public sector insurance industry. The government seems bent upon introducing the Insurance Laws Amendment Bill in the upcoming monsoon session of Parliament (July 21 to August 12). The framework of the Bill is based on a November 2024 proposal of the Department of Financial Services (DFS) to bring amendments to three laws- the Insurance Act 1938, the Life Insurance Corporation Act 1956 and the Insurance Regulatory and Development Authority Act 1999. As per media reports, the Bill intends to raise FDI limit in the insurance sector from the existing 74 to 100 per cent. The proposed amendments are also expected to laydown the framework for composite licenses, lowering the minimum equity capital requirements, bringing down the solvency margin requirements and giving more powers to the regulator IRDAI. Besides these, the Bill also intends to bring down the net-owned funds requirement for foreign reinsurers from ₹5,000 crore to ₹1000 crore. These proposals have the potential to throwback public sector insurance industry to the pre-nationalisation days. The Department of Investment and Public Asset Management (DIPAM) Secretary Arunish Chawla has recently said that the government plans to divest a further 6.5 per cent stake in the LIC in the coming months by way of Offers for Sale (OFS). Similarly, privatization of public sector general insurance companies also seems to be very much on the table of the government. In fact, privatization of a PSGI company is now a relatively easy proposition because Parliament has already amended the General Insurance Business Nationalisation (GIBNA) Act, enabling the government to reduce its stake in a general insurer below 51 per cent. While privatization is very much on the cards, the proposal of Union Budget 2018-19 to merge National Insurance, Oriental Insurance and United India Insurance is lying in cold storage. The refusal of the government to consider merger of PSGI companies defies comprehension. If operational efficiency and costs reduction can be the argument for merger of public sector banks and the recent merger of regional rural banks, why can't the same yardstick be applied to PSGI companies? The considerations appear to be more political and less economic. In the meanwhile, the legitimate aspiration of employees in PSGI companies for a decent wage revision has not been conceded till now.

The government's obduracy to hike FDI in insurance from 74 to 100 per cent is simply not understandable. Foreign insurers are not evincing any great interest in India's insurance sector. As a result, actual FDI in the insurance industry is only around 32 per cent against the mandated 74 per cent. In fact, a large number of foreign players including New York Life, ING, AIG, Old Mutual, and

Royal Sun Alliance have already exited the Indian insurance market. Recently, Germany's Allianz Group ended its two-decade old joint venture with Bajajfinserv; Axa sold out 49% of its stake to Bharti group and Standard Life exited HDFC. Altogether 9 foreign insurers have exited India's insurance market repatriating around ₹64,780 crore (78% of total FDI) leaving Indian policy holders high and dry. The May 2025 edition of RBI's monthly bulletin shows that net FDI into India plunged by more than 96% to just \$353 million in 2024-25 compared with the previous year. So, where the net FDI figure stood at \$44 billion in the pandemic year of 2020-21, it fell to \$38.6 billion the next year, \$28 billion in 2022-23, \$10 billion in 2023-24 and finally to just \$353 million (\$0.4 billion) in 2024-25. In such a situation, increasing FDI in insurance to 74% would only amount to a reverse flow of our hard-earned domestic savings.

Recruitment to Class III & IV cadres in LIC is an issue that has been crying for a solution since long. There is an alarming decline in the overall staff strength of LIC. But the decline is much more drastic in the class III and IV strength. While the in-force policies in LIC between the period 31.3.1995 to 31.3.2024 grew 410%, the class III and IV strength has come down by a whopping 49%! A realistic assessment suggests that by 31.3.2028, the total number of Class III employees will come down to just around 26000. We must therefore step up our campaign and struggle on the demand of recruitment to Class III and IV cadres in LIC. Insurance employees have to realise that their struggle on the issue of recruitment has to be integrated with the general struggle of the working class against unemployment and jobless growth. One must remember that neoliberalism essentially believes in creating huge unemployment to keep down the wages and reduce the bargaining power of trade unions thereby ensuring greater profits for the capitalists. Neoliberalism in fact believes in the removal of all restrictions on the functioning of big capital so as to ensure greater profits for them.

The three infamous farm laws which the government was forced to withdraw after a yearlong farmers' protest and the four Labour Codes enacted by the government by merging 29 existing laws are a part of the overall strategy of transferring resources from the ordinary people to the rich. One has to note carefully that the three farm laws came into being around the same time as the labour codes (2019-20). While the farm laws sought to handover peasant-based agriculture to the corporates, the labour codes are intended to ensure greater profits for the rich by taking away whatever limited rights labour has acquired through struggle. Peasants and workers constitute an overwhelming majority of Indian people. These two laws in effect constitute an onslaught on a vast majority of the poor working people just to ensure greater profits for the rich. This is the class conspiracy which one has to understand.

The 9th July 2025 Strike action is going to be a historic struggle. The Samyukta Kisan Morcha and a host of other organisations have already declared their support. The Strike offers a unique opportunity for us to give a far greater amplitude to our issues than our numerical strength would permit. AIEA calls upon all insurance employees to join this patriotic struggle and ensure massive success of the strike action.

With Greetings,

Comradely Yours

Shreekanth Mishra

General Secretary