

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDING SECRETARIAT ROAD HYDERABAD 500 004
(E-mail: aiieahyd@gmail.com)

Cir. No. 27/2025

December 19, 2025

To,
All the Zonal/Divisional/State/Regional Units

Dear Comrades,

Today AIIEA has addressed a letter to the CEO & Managing Director of LIC taking strong exception to the Press Release of LIC, dated 18th December 2025, on the issue of the Insurance Laws (Amendment) Bill 2025. We reproduce the letter herein below for the information of our members. Please ensure its wide circulation.

With Greetings,

Comradely Yours



General Secretary

The CEO and Managing Director
L.I.C. of India
Central Office
MUMBAI

Date: 19.12.2025

Dear Sir,

LIC's Press Release on the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill 2025

We are surprised to see LIC's Press Release dated 18.12.2025 on the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill 2025. Coincidentally, the Press Release has been issued on a day on which almost all the major unions of officers and employees in Banks and public sector insurance industry have gone on a massive protest demonstration against the Bill. In fact, LIC's Press Release looks like a laboured explanation and a feeble attempt at defending the indefensible. The vocabulary in which the Press Release has been couched sounds more like a propaganda document of the government rather than the hard-chiselled arguments of an 'independent and autonomous' institution. It appears to be a crude attempt to delegitimise the protest of the workforce on this important issue.

We are of the considered opinion that Government has deployed pro-people rhetoric to legitimize a policy that essentially undermines public interest. The Insurance Laws (Amendment) Bill 2025 has been euphemistically christened as the Sabka Bima Sabki Raksha Bill; it appears more like a clumsy attempt to put on a velvet glove to hide the iron fist rather than any genuine attempt to translate the stated intent into real benefits for the people. This Bill is yet another act of making the interests of the insuring public subservient to the interests of the foreign capital.

The centrepiece of the bill is the decision to raise the Foreign Direct Investment (FDI) cap in insurance from 74 per cent to 100 per cent, allowing full foreign ownership of insurance companies operating in India. We have forcefully argued that FDI hike to 100 per cent will neither benefit the

Indian economy nor will it bring any benefit to the insuring public. This will only enable the foreign capital to gain greater access and control over the domestic savings. There is a consensus among the leading economists that foreign capital is a poor substitute to domestic savings for the development of economy. The decision to hike FDI is taken at a time when the net-fdi in this country has hit a historical low and the big Indian corporate houses have been heavily investing abroad. It looks to be a desperate attempt to tide over the crisis of capital outflow and the falling value of the Indian currency.

LIC seems to have naively believed the reasoning of the government that higher FDI would automatically lead to higher insurance penetration. It is common knowledge that life insurance penetration essentially depends on the level of disposable income in the hands of the people; general insurance penetration depends on the size of the asset-owning class in a country. On both counts India ranks at significantly lower rungs despite the protestations of the government that we are on the fast lane to becoming a 'Vikshit Bharat'. The recent World Inequality Report 2026 has raised serious concerns over the growing inequality in the country where even in terms of the purchasing power parity, the bottom 50% of the population earn no more than Rs.8400 per month. Can the insurance penetration increase without taking steps to increase the purchasing capacity of these bottom 50% of the population?

We simply fail to understand as to how the passage of the Bill will "provide an opportunity to further strengthen our reach, leverage technology at scale and contribute meaningfully to the national goal of universal insurance coverage", as pointed out in the Press Release. LIC perhaps should know better that when security is delivered through markets, it becomes contingent on the ability to pay. That means, those who cannot pay will be written out. For the vast majority of Indians, especially the 90 per cent working in the informal sector, this would mean exclusion not increased protection, as is being made out. If the real intention were 'Insurance for All', the starting point would have been universal public provision and not FDI enhancement to 100 per cent. The real objective of the Bill seems to be to convert citizens with rights to consumers with choice.

We are pained to see the Press Release because LIC's overall understanding appears to be in complete contradistinction to that of its workforce; nay the workforce of the entire country that has stood solidly behind our struggles of over past thirty years in defence of LIC. Today LIC is confronted with humongous challenges. Greater challenges call for greater cohesion, more sincere efforts at synergising the efforts of all stake-holders. Unfortunately, LIC seems to have long forgotten the practice of constructive dialogues on issues relating to the institution and its employees. In this background, the press release has come as the proverbial last straw.

The Platinum Jubilee Year 27th General Conference of the AIIEA at Bhubaneswar from 28th December 2025 to 1st January 2026 will certainly discuss these issues and come out with appropriate responses.

Thanking You,

Yours faithfully
Sd/-
General Secretary