

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
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To

All the Zonal/Divisional/State/Regional Units

Dear Comrades,

WAGE REVISION – A CRUCIAL PHASE

AIIEA will be meeting in its Working Committee at Bhubaneswar from 3rd to 5th May, 2015. Preceding the working committee, the 3rd All India Working Women Convention also will also take place. These meetings are very important in the background of challenging situation before the insurance employees after passage of Insurance Laws (Amendment) Bill 2015 increasing FDI in insurance sector from 26% to 49% and disinvestment of public sector general insurance companies. Therefore, the meeting will discuss and decide the forms of campaign in defence of public sector insurance companies. Apart from this situation the issues of the employees like wage revision which fell due from 1st August 2012 and one final option for pension will be discussed in the meeting and future programme of actions will be formulated to achieve these demands.

On the wage revision issue, the wait has become painfully longer. The patience of the insurance employees is wearing thin. The wage revision reflecting the growth of the institutions and aspirations of the employees as demanded by AIIEA remains elusive even thirty-three months after it fell due. Employees cannot be faulted if they are angry and the industry is seeing a build up to a massive unrest. This situation is the result of the totally unresponsive government and the inability of the managements to meet the legitimate demands of the employees. The struggle on wage revision has entered a crucial phase.

In the meantime the financial year 2014-15 closed with another good performance by the public sector insurance industry. The LIC earned a new business first premium of Rs.74014 crore. Though the growth is marginally negative, this performance has to be seen in the context of the fact that for the greater part of the financial year, LIC had to be in the market with very few products due to the regulatory changes brought about by the IRDA. Secondly, the economic situation continued to be grim with declining household savings and a shift to physical savings from financial savings. There are indications that renewal premium recorded a healthy growth. Therefore, LIC is expected to record a decent growth in the total premium income which is likely to touch 2.5 lakh crore. The financial year saw LIC setting new high in the servicing standards. It recorded an unbeatable claim settlement performance. The LIC settled nearly 2.18 crore maturity and survival benefit claims amounting to Rs.69377 crore. It also paid death benefits amounting to Rs.8502.71 crore relating to 698919 cases. In terms of percentage, the LIC settled 99.76% of the total claims. This is the best ever claim settlement performance and will remain unmatched anywhere in the world.

The performance of the four public sector general insurance companies was very impressive. These four companies recorded a combined gross direct premium income of Rs.42514.33 crore. With a growth rate of 10.1%, the public sector companies dominated the market with a share of 55 percent. The public sector recorded a much higher growth compared to the private sector. This growth is praiseworthy in the background of a sluggish economy and the uncertainties created by the government over the future of these companies through the Insurance Laws (Amendment) Bill 2015.

There is acknowledgement from the managements of LIC and GIPSA that the good performance of the public sector is due to the commitment and hard work of all classes of employees and officers. But this is not reflected in the offers made for wage revision so far. These offers neither reflect the massive paying capacity of the institutions nor the legitimate aspirations of the employees. The government is not unaware of the fact that the performance of LIC in terms of Return on Capital employed and the Rate of Return on the assets is the best in the country. The PSGI companies have been consistently delivering dividends to the government amounting to nearly 100 percent of the capital employed. Why then are the employees being denied a good wage revision? This is more to do with the class bias of the government rather than the working of the institutions.

The insurance employees deserve a good wage revision. The demands placed by the AIEA are totally justified in the background of the growth and prosperity of LIC and the public sector general insurance companies. It is the primary responsibility of LIC and GIPSA to ensure that the genuine aspirations of the employees are met. A good wage revision and pension option are the two most important demands of the insurance employees. The financial strength of the institutions is adequate to meet these demands. The employees have waited enough for the resolution of these demands with patience. They can no longer. Industrial peace is essential for the growth of the institutions. The managements cannot hope the institutions to perform without taking care of the legitimate aspirations of the employees. They must realise that continued delay will create massive industrial unrest for which they alone will be responsible.

The AIEA is determined to secure a good wage revision and pension option. But it is also aware that this is not going to be an easy task considering the hostile and rigid attitude of the government. It is becoming increasingly clear that these demands have to be achieved through serious struggles. Therefore, the Working Committee of AIEA will decide on direct actions to secure the legitimate demands of the employees and appeal to the employees to be in preparedness for the struggles.

With greetings,

Comradely yours,



General Secretary.