



ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

Standing Committee (General Insurance)

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To
All the State/Regional Units,

Dear Comrades,

We reproduce herein the letter addressed by Standing Committee (GI) AIIEA to the Chairman-cum-Managing Directors of the four companies requesting them not to initiate any steps for listing of public sector general insurance companies. The content of the letter is self-explanatory.

With greetings,

Comradely yours,

(K.V.V.S.N.Raju)
Secretary

Dear Sir,

Sub: Listing of Public Sector General Insurance Companies
Ref: Government announcement in the Parliament

You are aware that during the Budget session of Parliament recently, the Hon'ble Finance Minister has announced their wish to enlist the Public Sector General Insurance Companies in the Stock Exchanges. He further stated that public shareholding in the government owned companies is a way to ensure higher transparency and accountability. It is undoubtedly a remark on the functioning of our companies.

It may be remembered that ever since 1971, when 107 private General Insurance Companies were nationalised and Government formed General Insurance Corporation of India with its four subsidiaries. We are extending our efficient and transparent services to the people of this country with all dedication and devotion. Soon after forming the GIC of India and its four subsidiaries, Government had invested Rs.19.50 Crore as Capital. Since then, and till today, all the 4 Companies are paying huge dividends to the Government out of their profits earned in the business and never approached Government for any further capital infusion. Further, by developing the business, the 4 Companies could create a huge investment base of Rs.1,14,320 Crore as on 31.03.2015.

During the year 1999, Government allowed private companies to carry on insurance business by enacting IRDA Bill in the Parliament. This was also effectively faced by our 4 Companies and we could retain 55% of the market share against their tough competition, even today. This was possible only because of the various activities undertaken by the organisations in the industry.

At the time of amendments proposed to General Insurance Business Nationalisation Act (GIBNA) in the Parliament, the Government had made a mention that “Companies may raise their capital for increasing their business in rural and social sectors and to meet solvency margins”. But the fact remains different, we are all aware that our 4 Public Sector General Insurance Companies have expanded our business to the remotest corners of the country for so long, to serve the people, with a network of 8,120 offices as on 31.03.2015, out of which 1,455 offices were opened in tier 4, 5 and 6 cities, where no private insurance company has opened a single office. All the four public sector general insurance companies are well within the solvency norms stipulated by IRDA. Even for the Government’s pet scheme of Pradhana Mantri Suraksha Bima Yohana, 90% of the policies were done by our 4 Companies only.

Thus, the actions of the Government will definitely hamper the economy and interest of the policy holders. Their actions are seemingly aimed at helping the private companies, at the cost of the Nation’s economy.

With all these points placing before you, we urge upon not to initiate any steps for valuation of Assets of the Company. We strongly believe that you will definitely support our views on transparency and accountability of our mighty organizations and the best services rendered by our staff to the people of this country for all these decades.

So, we request you to refrain from taking-up any activity towards enlisting of the Company, which will jeopardize the Nation’s and Policyholders’ interest.

Thanking you,

Yours faithfully,
Sd/-
(K.V.V.S.N.Raju)
Secretary