

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
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9th May, 2018

To

All the Zonal/Divisional/Regional/State Units,

Dear Comrades,

Functional Autonomy to LIC Board - Letter to Finance Minister

AIIEA addressed a letter to the Finance Minister, Government of India seeking his intervention on the question of Functional Autonomy to LIC Board. The letter also requested the Finance Minister to consider the long pending demand of One Final Option to the employees to join 1995 Pension Scheme and also to direct the LIC to commence wage negotiations at the earliest.

We reproduce hereunder the letter addressed to Finance Minister.

With greetings,

Comradely yours,



General Secretary.

May 9, 2018.

Shri Arun Jaitley,
Hon'ble Minister for Finance,
New Delhi

Dear Sir,

**FUNCTIONAL AUTONOMY OF LIC
AND SOME ISSUES OF EMPLOYEES**

Our organisation represents over 80% of Class III and IV employees working in LIC. We are playing a very constructive role in the progress of our great institution and helping it to fulfil the objectives for which it was set up. However, for quite sometime now, we are observing that there is a dilution in the functional autonomy of LIC and this is having a serious impact on both the functioning of the Institution and the industrial relations.

Before we express our concerns, we are happy to inform you that LIC has recorded yet another spectacular performance for the financial year 2017-18.

The LIC has underwritten a record First Year Premium Income of Rs.1,34,551.68 crore. It has sold 2,13,38,176 new individual policies apart from covering a large number of people through group insurance schemes. We expect LIC to earn a total premium income of over 3.4 lakh crore and continue to dominate the market. The assets under management are set to rise to nearly 30 lakh crore. The LIC is also a stabilising force in the stock markets with an equity holding of over 6 lakh crore. This magnificent progress has been made possible due to the policy initiatives of the LIC Board as also the commitment of the workforce. We may also point out that the productivity of workforce in LIC is ever increasing and the operating expenses of LIC are the lowest in the industry. There is a huge potential for further growth and we hope that the government will help by reconsidering the GST levied on life and health insurance policies.

However, we are disappointed over some developments in the recent past on the long pending issues of the employees. The last wage revision in LIC was concluded in 2015 after three years of intense negotiations. One of the important issues discussed and agreed upon was the introduction of Five Day Week in LIC on the lines existing in the Public Sector General Insurance Industry. The offer was made to the unions after the approval of the LIC Board and the unions accepted it as a part of the wage agreement. It is unfortunate that after three years, the Department of Financial Services has decided to overturn this recommendation of LIC Board and a notification is issued on April 23, 2018 declaring the 2nd and 4th Saturdays of every month as off. The LIC has issued instructions that the remaining Saturdays of the month as full working days on the lines of Banks. This decision has undermined both the process of collective bargaining and the functional autonomy of LIC. We, therefore, request you to reconsider the issue and give your acceptance to the original recommendations of LIC Board.

The second issue which has created industrial unrest is on the demand for a Final Option on Pension. The Pension Scheme was introduced in the year 1995 in LIC in lieu of Employer's contribution towards PF. Since a substantial number of employees did not exercise their option within the stipulated time, another option was give in 1996. Majority of the employees joined the pension scheme and around 12 percent chose to remain in PF. However with some improvements in the Pension Scheme and the change in the interest regime, we raised a demand that a Final Option should be given to those employees who had earlier not exercised the option. This demand was raised during the wage negotiations in the year 2007 and was well appreciated by LIC. The LIC has made recommendations several times to the government that a Final Option can be given and the small cost can be absorbed with increasing volumes of premium income. Unfortunately there is no positive response from the government on this issue. We may bring to your notice that an Option was given to Bank employees in 2010 and four options were given in RBI with every improvement in the Pension Scheme. The Pension Scheme as it stands today has many improvements over the scheme introduced in the year 1995 and therefore it is in the fairness of justice that a Final Option be given to the employees to join or not to join the Scheme. We seek your intervention and request you to consider this demand of the employees favourably.

The Wage Revision in LIC has fallen due on 1st August 2017. But negotiations are yet to open on the plea that there is no approval from the government. Having contributed to the growth and prosperity of the Institution, the employees are looking for a wage revision commensurate with the paying capacity of the institution. We have already mentioned that the operating expenses and the cost of wages as a percentage of premium income in LIC are the lowest in the industry. We request you to permit LIC to hold discussions and settle the issue amicably at an early date.

Finally, we assure you that our organisation will continue to play a constructive role and help LIC meet the social obligations. We also request you to strengthen the LIC Board and make LIC a truly Board Managed Corporation in the wider interests of the policyholders, employees and the nation as a whole.

We look forward to a positive response from you on the concerns and issues represented.

Thanking you,

Yours Sincerely,
Sd/-
(V.RAMESH)
General Secretary