



ALL INDIA INSURANCE PENSIONERS' ASSOCIATION

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President : Com Ashok Tiwari

Date : 10th October 2020

General Secretary : Com T K Chakraborty

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To

All Divisional/Regional/State units of AIIPA

Dear Comrades,

Virtual meeting of AIIPA Officebearers on 3rd October, 2020

Insurance Pensioners, committed as they are to the cause of safeguarding the Public Sector Insurance Industry, will feel enthused that the Secretariat of All India Insurance Pensioners' Association (AIIPA) has once again reiterated that resolve and has called upon them to more actively campaign against the move of the Government for an IPO in LIC.

All of us are aware, following the Budget announcement, the Government is initiating measures for listing of LIC and two pre-transaction advisers have been selected to advise and assist the Government. Moves are also on to choose Legal Advisers, Agencies for ascertaining the Embedded Value etc. As a precursor to IPO, the Government is also planning to amend certain Sections of LIC Act, and there are reports that a Bill may be moved in next Parliament session and Government intends to off load 25% of its stake in tranches. With an ambitious target of Rs 2.1 Lakh Crores of disinvestment proceeds, the Government may seek to expedite its moves.

All these aspects were deliberated upon in a Virtual Meeting of Office Bearers of AIIPA, on October, 03, 2020 and the Meeting presided over by Com. Ashok Tewari, President AIIPA, had the benefit of participation of Com Amanulla Khan, Fmr. President and Com. V Ramesh, President, AIIEA.

Com Ramesh, in his inaugural address, stressed that, the present day dispensation at the Centre, was rushing through legislations, sans regard to Parliament Norms. He also pointed out, how the economic crisis was playing out, even before the pandemic and how the Government was responding to after effects of Covid. Com Ramesh said that the BJP Government was using its majority in Lok Sabha to undermine public opinion and opposition in Parliament and got retrograde Labour Laws passed.

He referred to the plan for an IPO in LIC and declared that Organisations of In-Service Employees/Officers, along with pensioners and other stakeholders, through campaigns, struggles will force the Government roll back its ill-conceived moves.

He also underscored, as to how the Government was diverting people's attention from economic issues of lower GDP, job losses, closure of industries especially MSMEs etc to religious discourses.

Com Ramesh also felt happy that resistance movements against the economic and socio cultural policies of the ruling BJP Government were building up and cited the Strike of November, 26, 2020.

Comrade President of AIIEA, touched upon how AIIEA and AIIPA were spearheading struggles in the past, as part of larger democratic movement and felt confident that working class will come out victorious defeating the economic and communal agenda of the Government.

There was an intense debate on issues of Pensioners and on LIC IPO, after Com T K Chackraborty, General Secretary, placed his opening remarks on the agenda.

Com Amanulla Khan, Fmr. President, AIIEA, in his intervention to the debate, dwelt at length, the intricacies on the issue of LIC IPO. He averred that it was immaterial whether it was 10% of stake as was supposed to be original idea or 25 % , since IPO was a first step towards privatisation. Quoting the SEBI Rule and its recommendation for change in Rule, he said as per the Rule, a listed Company should have 25% of its shares in the market by the end of three years since IPO and the recommendation was 35%. Com Amanulla felt, knowing the ideological moorings of the Government, the recommendation was likely to be accepted, portending a greater slice of disinvestment.

Asserting that AIIEA was for a full throttle campaign and struggle against IPO, he said even under difficult pandemic conditions, more than 320 MPs have been approached and apprised our views and this effort will continue.

The Government of the day had been anti- Public Sector and their idea is to have only four or five banks in Public Sector and sell off the remaining banks. As all of us know, already there has been merger of banks.

Recently IRDA has come out with an announcement that LIC, GIC -Re and New India Insurance Co. are too big entities to fall and these need more control. Com. Amanulla opined that it implied stricter control over expenses having impact on our demands.

Com Amanulla told the participants that one of the prerequisites for LIC IPO was ascertaining the embedded value. For this purpose, two things were necessary and the first was determination of present value of future profits of the policies in the books of the LIC and the next one was valuation of its real estates. Stating that the book value of these had no relevance to ground realities, he said the vast spread of properties across the country, have to be evaluated and may be a time consuming process. The initial expectation of the Government was, launch of LIC IPO in the last quarter of this fiscal, but if the embedded value process may take more time, the Government in its urgency for funds, may rush through even without proper valuation.

With a view to create awareness among the public on LIC IPO, Com Amanulla suggested write ups and discussions by pensioners in local media, including vernacular dailies.

He was of the view that though LIC and Public Sector General Insurance Companies continued to be market leaders, there were certain concerns.

In LIC, the near constant number of policies over the years and underwriting losses in General Sector should be the immediate focal point.

The Government was sitting tight on the recommendation of LIC Board, on payment of uniform 30% Family Pension and Basic Pension on last drawn salary for more than an year and GIPSA was reluctant to recommend without a call from the Government.

On updation of Pension, the Government was negating the demand on the plea, Central Civil Pension Rules were not applicable and Insurance Rules broadly conformed to Bank Rules and RBI Rules. Now that there has been updation in RBI, there should be updation in Insurance too, said Com.Amanulla.He suggested some programme of action involving the pensioners, simultaneously safeguarding their health, due to Covid-19.

He was sure that Insurance Employee's and Pensioners will succeed in their attempt to make the Government desist from the move to list LIC in Stock Market and with that Confidence, he concluded.

All members of the Secretariat spoke vividly on the agenda and agreed with the formulations made.

As the advancements made in General Sector were significant, as Com J. Gurumurthy, V. P. underlined, we would like to highlight some of these.

The active role of AIIPA and its units, in the wake of fresh option for pension, helping the new optees and expediting the process, was lauded by all general insurance pensioners and resulted in formation new units in various centres and increase in membership everywhere.

The effective representation could bring about a moderation in premium rates, under Group Mediclaim, when increase was tapered to 25 % from the proposed 47.7%.

As there were expectations all around, about AIIPA's SLP in Supreme Court, Com.K.Natarajan, V.P., spoke on this important issue. He said there were no Hearings scheduled after retirement of one of presiding judges and outbreak of pandemic has caused suspension of physical Hearing of cases in Supreme Court.

With virtual Hearing only on important matters, our Counsel has suggested that matters can be moved before the Apex Court, once normalcy returns.

Com Natarajan said AIIPA will put forth the best arguments once the physical Hearing starts and all members fully endorsed.

Com. Bhaskar Somayaji, J. S. AIIPA informed the meeting that the all india conference of AIIPA, which was proposed to be held at Bangalore, in the first week of November, 2020, had to be postponed,in view of Covid-19 situation.

Com. T. K. Chakraborty, General Secretary, AIIPA, summed up that the Organisation appreciated and accepted the suggestion of Com. Amanulla Khan and advised Pensioners to observe a TWO HOUR DHARNA in front of all Divisional/Zonal Offices of LIC and Regional/Head Offices of P. S. GICs on NOVEMBER 03,2020.Timing of Dharna can be decided in consultation with local units of AIIEA.He appealed to the P. A. s to ensure wearing of masks and strict maintenance of social distancing, while observing the programme.

A Resolution demanding of the Government to favourably decide on the recommendation of LIC, on payment of uniform rate of 30% Family Pension and last drawn salary for computation of pension, if it's beneficial,without further delay and demanding of GIPSA to pursue with the Government for a similar decisions;

and

another Resolution on updation of pension for all ,underscoring the improvements in RBI and urging upon the Government to concede the demand immediately,may be adopted at the Dharna.

Comrades, the fall out Covid 19 could not deter the organisation from discussion on issues of pensioners and the Virtual Meeting has been a mile stone.

On to the SAFE PURPOSEFUL DHARNA
(3rd November, 2020)

With Greetings,

Comradely yours

A handwritten signature in black ink, appearing to be 'Shahid', written in a cursive style.

General Secretary