



# ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

Standing Committee (General Insurance)

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To,  
Zonal/ Regional/ State Committees

Dear Comrades,

**Sub: Meeting with GIPSA at Delhi on KPI initiatives and restructuring of offices and operations in PSGICs**

As advised by the CLC, the GIPSA convened a meeting of Check off qualified Associations and Welfare groups at OSTC, Faridabad on 12<sup>th</sup> January, 2023. As stipulated by GIPSA, two representatives from each organization were present. AIIEA was represented by Coms. Shreekant Mishra, General Secretary and Sanjay Jha, Secretary, Standing Committee (GI).

After a brief Presentation on proposed changes, the Chief Executive (CE), GIPSA, on joint demand of all organizations responded to the queries raised and suggestions given by the JFTU before the meeting. He categorically stated that only commercially unviable offices were being merged/closed and also the scheme of BDE/ BDM ( Business Development Executives/ Business Development Managers) was purely optional. He also informed that the variable pay based on individual and company performance was still under formulation stage. It will be discussed separately once finalized. On the query of AIIEA if the Government was considering to merge the four PSGICs with the LIC when the latter obtains composite license after amendment of IRDA, the CE expressed that GIPSA was unaware of any such development at the Government level.

While responding to the proposed changes, AIIEA termed the targets fixed under KPI as arbitrary resulting into arbitrary implementation. It stressed that though the top- level Management maintains that the closure and merger are solely commercial decisions and the Scheme of BDE/ BDM is optional, fixing targets for closing or merging a specific number of offices within a time-frame and sending fifty percent of the employees of an office to marketing jobs are enough to make these mandatory for the lower down Managements. As a result, profit making and growth exhibiting offices are being closed and employees are forced through various tactics, to opt for the job of marketing. The consequence is all round demoralization of the workforce, which is not desirable. AIIEA called upon the Management to take remedial measures at the earliest and cautioned them that losses incurred due to big ticket changes executed in haste may outweigh the

benefits the companies hope to reap through them.

Further, reminding the GIPSA that proposed plan of one or two support staff as well as closure of branches from smaller places are antithetical to the idea of increasing volumes in the Retail Business. Hence, GIPSA should not only make a plan for proper manning of the branches but also give priority to the demand of recruitment in all cadres.

Dwelling further on the issue, AIIEA stated that there was an immediate need of technological upgradation in PSGICs so that they can meet the competition prevailing in the market. Therefore, the Management should give priority to this aspect before planning for any structural changes. On uneven competition in the Market, AIIEA exhorted the GIPSA to approach IRDA with the complaints of irregularities being committed by the Private Insurers. AIIEA assured the GIPSA of its support on this issue. Taking the instance of capping of commission on MISP businesses, AIIEA emphasized that ever since it was introduced, PSGICs are adhering to the fixed parameters but the Private Insurers are committing breaches with impunity, and while doing so, they are grabbing businesses of PSGI Companies that were leaders in this line of business at a point of time, are forced to play second fiddle to the private insurers.

On Variable pay, AIIEA stated that it summarily rejected the proposal because it is divisive and takes away the collective rights of employees. It stressed that the present system of wage revision with five year periodicity which is similar to other PSUs should continue. It also informed the GIPSA that it has submitted its Charter of demands for upward wage revision from its effective date of 1<sup>st</sup> August, 2022 to the Chairperson, GIPSA on 28<sup>th</sup> December, 2022. It also emphasized that the Wage revision must be done on uniform basis in the PS insurance Industry.

Further on reforms, AIIEA demanded merger of four PSGI Companies stating that it would make the merged entity financially strong and the same will be benefitted immensely from economies of scale and synergy effect.

Citing the dubious record of the consultants E&Y, AIIEA asserted that it doubts the credibility of the consultants so far as their recommendations to the PSGICs are concerned. They have no idea of workings and objectives of the Public Sectors. Hence, the whole report, specifically diagnose phase report prepared by the EY must be shared with Associations for our critical analysis of the same before implementation of any of their recommendations. Further expressing its full confidence in the internal talent and expertise available in PSGICs, AIIEA exhorted the GIPSA to assert to the Ministry and ask them not to interfere in their day to day affairs for which they were more than enough.

Finally on the long pending issues of increase in family pension, increase in employers' contribution to fourteen percent and extending final pension option, 1995 to the former TAC employees, AIIEA demanded expeditious follow up by the GIPSA with ministry. The GIPSA assured to do so.

After deliberations by other Associations and Welfare Groups, the meeting came to an end with the CE, GIPSA assuring that the minutes of the meeting will be shared with all Associations and Welfare Groups and incorporating their final comments on the same, it will be submitted to the CLC for his perusal and further advice.

With greetings,

Yours Comradely,

A handwritten signature in black ink that reads "Sanjay Thakur". The signature is written in a cursive style with a large initial 'S'.

Secretary