

GENERAL INSURANCE EMPLOYEES' ALL INDIA ASSOCIATION

(Affiliated to Trade Union International) Regd.No.8531



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August 13, 2024

Smt. Nirmala Sitharaman,
Hon'ble Finance Minister,
Government of India,
New Delhi

Respected Madam,

Re. : Urgent Appeal for the Strengthening of Public Sector General Insurance Companies (PSGICs) and its workforce

1. Merger of PSGI Companies

We, the General Insurance Employees All India Association, urge the Government to merge the four Public Sector General Insurance (PSGI) companies—National Insurance Company Limited, New India Assurance Company Limited, Oriental Insurance Company Limited, and United India Insurance Company Limited—into a single, unified entity. This merger would eliminate inter-company competition within the public sector, enabling these companies to perform better and fulfill their social obligations and government policies, such as the Pradhan Mantri Fasal Bima Yojana, Rashtriya Swasthya Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, Ayushman Bharat, Pradhan Mantri Jan Arogya Yojana, and other social schemes.

We strongly oppose the privatization of any of these PSGI companies, as recurring news of such intentions creates instability, weakens employee morale, and negatively impacts the performance of these companies. The inordinate delay in the merger, coupled with unhealthy competition, has resulted in a decline in the growth and market share of these companies. A merged entity would be stronger, better equipped to face challenges posed by private players, and more capable of providing efficient services to the common man.

In the Budget 2020-21, your good self announced the "New Public Sector Enterprise (PSE) Policy for Atmanirbhar Bharat," which classified banks, insurance, and financial services as one of the four strategic sectors, with the aim of strengthening PSGI companies.

2. Withdrawal of GST on Life and Medical Insurance Premiums

Both life insurance and medical insurance premiums currently attract a GST rate of 18%. We believe that individuals seeking to protect their families from life's uncertainties should not be burdened with additional taxes on their premiums. Similarly, the 18% GST on medical insurance premiums is a deterrent to the growth of this socially essential segment of business and the inclusion of more people under the social security net through medical insurance. The GST burden on policyholders undermines the primary

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objective of life and health insurance, which is to provide financial security and support during unexpected events such as illness, accidents, or untimely death. This burden is particularly heavy on common people and senior citizens.

Recognizing the significance of this issue, the Parliamentary Standing Committee on Finance of the 17th Lok Sabha, headed by former Minister of State for Finance Shri Jayant Sinha, recommended the rationalization of GST on insurance products, especially health and life insurance. We, therefore, request your good self to consider withdrawing GST on life and medical insurance premiums in the interest of policyholders and citizens at large.

3. Wage Revision Due from 1st August 2022

It is well known that wage revisions have been implemented across the financial sector, except the Public Sector General Insurance Companies (PSGICs). Employees in the banking sector and the Life Insurance Corporation of India (LIC) have already received their wage revisions. It has been nearly 24 months without any progress on implementing the pending wage revision for PSGIC employees, which is essential for ensuring their motivation and well-being. The pending revision, effective from 1st August 2022, should include an increase in the employer's contribution to the NPS to 14%, uniform improvement of the family pension at the rate of 30%, and other benefits in line with LIC.

The financial results of PSGICs for the financial years 2022-23 and 2023-24 show significant improvements despite challenges such as higher losses from major social welfare policies. We once again request parity with LIC in wage revision, allowances, NPS contributions, and pensioner benefits.

4. Adequate Recruitment

PSGICs have been performing better despite inadequate manpower, but the decreasing employee strength year after year without corresponding recruitment has led to extremely high work pressures. Employees are handling an increased number of documents, claims, and processes, leading to increased productivity per capita on a year-on-year basis. However, this increased workload has disrupted their work-life balance. Equitable and just compensation must be ensured to keep them motivated.

Additionally, we call for the immediate filling of over 20,000 vacant positions in PSGICs. The current lack of sufficient staffing has caused significant challenges within these companies, leading to operational difficulties and inefficiencies. As a result, many offices have been forced to close or merge, negatively impacting the services provided to the citizens at large.

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5. Formation of Regulatory Authority on Hospitals and TPAs

In reference to our previous letter, we wish to reiterate our serious concerns regarding the gross irregularities and nexus between TPAs and hospitals, which are resulting in significant financial losses to PSGICs. The CAG report on this matter, which highlights the misappropriation of crores of rupees and various other irregularities, was submitted to the Committee on Finance. The report expressed severe concern and urged the corporate management of PSGICs and the Department of Financial Services (DFS) to take corrective measures. We, therefore, strongly demand the formation of a regulatory authority to oversee hospitals and TPAs, to curb these irregularities in the interest of PSGIC policyholders and citizens at large.

We hope for your kind consideration in these matters.

Thanking you,

Yours faithfully,

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