



ALL INDIA LIC AGENTS' FEDERATION

CENTRAL SECRETARIAT, 'AGENTS BHAVAN', T.C 36/1567(4), KERA-196, ENCHAKKAL,
VALLAKKADAVU (PO), TRIVANDRUM, KERALA-695008.

Regd. No. 174/86 (Under Indian Trade Union Act 1926)

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Date: 08/06/2021

To,
Shri. Anurag Sing Thankur,
Hon'ble Minister of State for Finance.
North Block,
New Delhi-110001.

Esteemed Sir,

It is for your kind attention that AILIAF, representing around 13 lakh LIC agents in the country, submits the following. It is further to our representation dated 10-06-2019.

Agents' community is passing through a highly alarming and vulnerable situation in the wake of COVID outbreak, devastating all field activities since March 2020, crippling agents to a miserable fate. The collection of LIC Policy Renewal Premium has been drastically reduced (even more than 50 % of total due premium is defaulted in this period) which affected agents commission. Thus, lakhs of agents who depended solely on income from agency commission are left out without any income. They are not able to pull on their life and their families are in distress and deprivation; many are on the verge of losing all hopes in their lives. So, immediate measures to handhold the

agents community are the need of the hour. We have been apprising the gravity of the situation to LIC management through umpteen number of representations but redressal measures were very minimal. So your kind intervention is requested.

Covid related: For immediate attention

1. Covid Vaccination for LICians.

Covid Vaccination process is highly complex and unpredictable that all agents, who are widely moving in the field and precariously exposed to fatal risks, find it difficult to get vaccinated. In this context it may be noted that many of the corporate houses make exclusive facility to vaccinate their employees and also their family members. It is a welfare measure of hand holding and safe guarding their employees which is gratefully appreciated in the society. So, similar humanitarian gesture is expected from LIC for all LICians, especially agents. As LIC management is yet to take any imitative for the same. Kind intervention from Finance Ministry is requested.

2. Compensation for the bereaved families: It is distressful that thousands of agents lost their lives due to Covid in the intervening period and large number of agents are battling for life or under treatment. The maximum group cover for death is only 12 Lakhs which is so meagre. Life of even a class IV worker is insured for a minimum amount of Rs 50 Lakhs. So, cover of agents may be revised to adequate amount.

3. Concern of Policy Holders at this time of pandemic. Due to the devastating effect of Covid-19, policy holders are in dire crisis and find it difficult to remit regular premium But in LIC the conditions for payment of defaulted premiums has been made more stringent in the wake of certain changes in premium payment which was effected on 10-09-2020, that too without any intimation to policy holders or agents. As per changed system, in case of default of 2nd premium (Quarterly) and after due date, if the policy holder desires to

pay first unpaid premium alone, that is not accepted. Earlier, even single installment premium was accepted up to one day before 3rd quarterly premium due date. Now, large number of policies are lapsed due to this change of system which was implemented without any intimation that too in this COVID-19 caused tragic time. An immediate intervention on the matter will be a great relief to lakhs of policy holders and agents. Major portion of renewal premium is collected by agents. But, as the field activity of agents is curtailed due to COVID premium collection at offices drastically reduced. LIC is yet to realize these facts and provide necessary support to agent community.

4. **COVID Advance:** Our repeated appeal to LIC Chairman to enhance the advance as a relief to pandemic to Rs. One Lakh (Rs. 1,00, 000) instead of Rs. 50,000/- is yet to be considered. Now, it is more alarming situation terrorized by 2nd wave of COVID and a lenient view on the matter is need of the hour. As requested earlier, the same may be sanctioned as a special case for all agents who completed 3 years and more, as in the case of Festival Advance, without insisting on usual condition of maximum recoverable limit of 60%.

Besides, the repayment period may be allowed as 60 months instead of 24 months as the devastating effect of COVID is far reaching than all others.

Other issues:

5. **Welfare fund:** As stated, agent community is a hard-working group serving the society in every nook and corner of the country, day and night, irrespective of weather condition and even under hazardous situations. They are real Ambassadors of LIC and face of LIC in the public. Government of India has been introducing number of welfare schemes for the public which are implemented through LIC of India and being executed through agent community. But, no such welfare fund is

instituted for LIC agents. Hence, it is high time that a welfare fund for Agents to be introduced so that lakhs of Agents will get the benefited.

6. **Pension scheme for agents:** As submitted earlier, a comprehensive pension scheme with contribution from LIC is not there now. Agents at the later stages of their life, at advanced age and adverse health conditions, are finding it difficult to pull on their life, as their commission income is proportionate to business. All agents with 15 years' service and completed age of 60 years may be considered for a minimum pension of Rs. 10000/- per month. Now, a senior agent with service of 40 years and after completing age 60 years become eligible for a terminal benefit (Gratuity) of Rs.3 Lakh only, which is meager amount. He will not be eligible for any other benefit.
7. **Interest on policy loan:** As a result of intermittent reduction in REPO rates by RBI, interest charged by Banks and lenders on loans were subjected to revision and reduction, to pass the benefit to customers. But in LIC, interest on policy loan is still 9.5% to 10.75 %. Late fee for delayed premium is 9.5 (GST in addition). Whereas, return from LIC policies remains to be in a staggering rate of around 5%. So, this is high time that we apply rationale, reducing aforesaid interest rates commensurate with Govt. policy and market rates. So, the interest on loan is exorbitant, irrational, unreasonable and against the policy of Government of India.
8. **Interest on Loans/Advances to agents:** Interest charged on loans to agents is also unreasonable at 12 % which is to be reduced in line with above contentions.
9. **Waiver of Club norms:** Appropriate relaxation in club entry and continuation eligibility norms is yet to be granted despite our repeated appeals. It a matter of heart burn for all of us. Minimum 50% waiver in eligibility norms may be allowed lest prospective agents will be in serious crisis which will lead to mass exits from Club Membership in the current and forthcoming years.

The same mode, waiver and transitional relief may be allowed for CLIA and CLIA Brigade eligibility conditions.

10. **Moratorium on recoveries.** Recoveries in connection with existing advances and loans may be postponed for atleast one year or till relieved from COVID 19 pandemic. That was another request which is not considered by LIC.
11. **GST On LIC Premium, late fee, loan interest, health insurance premium etc:** GST is levied on all LIC policy premium remittances resulting to additional burden to LIC policy holders. Even for single premium policies, and pension- annuity policies, where there is no insurance element, GST is charged. The percentage of GST for single premium (annuity plans) is 1.9%, for Health insurance & Term insurance it is as high as 19% (18 % GST and 1% Kerala flood cess). Conventional policies 4.75% and for Conventional Single premium it is 4.75%. For premium late fee and service charges, 19% GST is charged) Life Insurance is considered as a social security and welfare scheme for the benefit of people, right from lower income labour class to people in all walks of life. Besides, major part of LIC's funds are utilized for social welfare schemes as per the directive of the Government. Such priority is given in income tax rules as exemptions and rebates on all Insurance remittances, intermittent returns and maturity amount, vide benefits under Section 80C, Sec 10(10D) etc. Thus, charging GST on insurance remittances and payments is very unreasonable affecting the industry very badly.
Another haunting issue pursuant to GST is that rate of tax levied on new policies vary from year to year. In the first year of a policy, rate of tax is high and subsequent years rate is reduced. This causes inconvenience to policy holders as they have to verify the actual premium amount every now and then, before remitting the same.

Premium remittances by Bank ECS mandate and standing instruction are also troubled by this irrational change of premium amount.

In this context, it is our humble appeal that whenever a new system or tax is introduced, that may be implemented with prospective effect, not to be retrospective so that existing policy holders may be spared.

It is pertinent to note that GST is totally exempted for Pradhan Mantri Vaya Vandana Yojana pension scheme (PMYY), implemented through LIC of India.

12. Provident Fund: This is another long pending demand which is being sidelined. Now a days all most all sector of workers are provided with covered by either EPF or PPF facilitated by employers as a welfare measure. But for LIC Agents no such scheme is there nor any initiative from LIC. Even a compulsory deduction from commission income can be considered so that the set apart amount may be utilized for retirement provision.

13. ESI benefit to be extended to LIC agents: Around 13 lakh LIC agents in the country are in unorganized and under privileged condition. They are the backbone of insurance industry, toiling hard day and night to bring in maximum revenue to LIC as premium income and cater to the needs of their clients. Agency Commission is the livelihood of LIC agents and their income solely depends on their hard work and capability to bring premium income. So, their health condition is important to decide capability which will be deteriorated in the later and advanced stages of their, life affecting their income badly. Thus in order to give a little relief to LIC Agents, ESI facility, which is already there for organized sector, may be extended to LIC agent also.

In these circumstances, it is pertinent to note that a surplus fund is accumulated in the LIC account by way of various exigencies. First is unpaid renewal commission of agents who are being terminated before completing 5 years and deprived of renewal commission. Secondly, unclaimed and

unidentified policy pay outs in various offices which may sum up to crores in each offices. This fund may be utilized for the aforesaid agents welfare schemes. This ia also one of our long pending requests which LIC Management is ignoring.


Hence, this humble appeal to your good selves to look in to these matters and make appropriate intervention to readdress the grievances of policy holders and agents who are reeling under the unprecedented miseries and hardships.

Thanking you

Yours faithfully,

C. Radhakrishnan

K. Ramachandran



Working President

Secretary General

Copy to...

1. Smt. Nirmala Sitharaman, Hon'ble Union Minister for Finance.
2. The Chairman, LIC of India, Central Office, Mumbai.