

# LIC AGENTS' ORGANISATION OF INDIA

Regn.No.1-7of 2009 (Affiliated to CITU)

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*Charter of Demands submitted to Chairman, LIC of India, Yogakshema, Mumbai on 15<sup>th</sup> October 2015 as per the decision of the 4<sup>th</sup> All India General Conference held in Rajahmundry on 10<sup>th</sup> and 11<sup>th</sup> September 2015*

Dear Sir,

The last two decades have seen enormous changes in the policies of changing governments which are not helpful for the sustenance and growth of LIC. We are of the view that the LIC management, employees and Agents should work together to protect the interest of the organization.

There are about 12 lakhs of LIC Agents in the country who were responsible for this envious growth of the organization. The LIC agency system is a global model and it is being followed in the insurance industry all over the world. The Corporates and private insurers have realized that they can ruin LIC only by eliminating the agency system. With this in view they appear to be influencing the government to bring in policies which will discourage Agents. Obviously, it is the obligation of the management to motivate the Agents for increased business and protect the organization. There have been direct attacks on LIC and its Agents for quite some time, and we have been able to withstand the same with joint efforts. Now, the products of LIC are also being affected, thus the trustworthiness of the organization itself is being lost. It is here that all of us should join together and discuss ways and means to make corrections for the betterment of all concerned - the policy holder, LIC and the Agent. We have made certain points below which may be analysed and suitable solutions arrived at, which will certainly take LIC to new horizons.

- 1) (a) LIC should obtain approval from the government and withdraw the amendments to agents' regulations-1972.
- (b) LIC should remove section[16] of Agents' Regulation-1972.

(c) The sub-regulation [8] of the Insurance Agents' Regulation-2000 should not be misused.

(d) The Agents terminated on MBG should be re-instated unconditionally.

2) (a) LIC should start real pension consisting of contribution from government, LIC and agents.

(b) LIC should introduce a welfare fund and Provident Fund for the Agents

(d) LIC should extend mediclaim with ID Cards to all agents and their families. The upper age limit should be fixed at 85 years. LIC should give D.A.B to group insurance scheme. Maternity allowance of Rs. 10,000/- pm should be granted to all eligible lady agents, for a period of six months. They should be exempted from minimum business guarantee for one year.

3) LIC should send a proposal to the Govt. of India to increase gratuity and to amend agents Gratuity rule by taking into account the entire service of the agent and to take the full commission earned during the service of the agent (first year commission, bonus commission and the renewal commission); and not to have any ceiling on it. Also to request the Govt. to give IT exemption on gratuity.

4) LIC should recommend to Central Government

(a) to withdraw service tax on LIC premium and to withdraw service tax on agency commission as has been done in the case of Mutual Fund Agents.

(b) to increase TDS from Agent's commission from 20,000 to Rs.2.5 lakhs. (LIC should also take action on our letter No. AOI/LIC/09/439/12 dated 2nd June 2012 on the subject)

5) LIC -

(a) should not issue policies directly

(b) should share direct enquiries to LIC with Agents.

(c) should stop over-supporting of corporate agents and banks

(d) should re-designate Agents as Sales Executives.

6) G.S.L.I scheme should be introduced for agents. Extend Productivity Linked Incentive to Agents also

7) (a) Grant vehicle advance to all agents

(b) Consider two year's full commission (first year + bonus + renewal commission) for granting vehicle advance

(c) allow conveyance allowance

(d) vehicle maintenance loan should be enhanced periodically.

- 8) Give equal rate of commission to all type of policies and increase commission for single premium policies
- 9) (a) L & HP should entertain purchase of land and house loan to all agents at the L & HP interest rate, and the loan amount should be enhanced.  
(b) Pending housing loan from HFL should be transferred to L & HP once the agent becomes eligible for higher loan due to becoming a member of the higher club.  
(c) 2<sup>nd</sup> House Loan should be given to the club member agents who have done premature closing of first loan.  
(d) House Maintenance Loan may be given to those who have taken housing loan from L & HP  
(e) Enhance house loan limit to all club member agents including those who have already availed house loan.
- 10) LIC should protect the CLIA Agents as discussed based on our letter dated 31.7.08.
- 11) (a) Grant interest free computer / laptop advance to all eligible agents.  
(b) Provide a computer terminal in agents' room with password for EDMS.  
(c) Resume distribution of LIC software.
- 12) (a) Consultative committees with representatives of LICA OI should be constituted at all levels. Circulate the minutes of the meeting.  
(b) LICA OI should be recognised as the agents' organisation and circulars concerning LIC agents should be sent to central committee office of LICA OI.
- 13) (a) Agents who have completed two years satisfactory work should be given renewal commission.  
(b) LIC should restrict entry of agents to 45 years of age
- 14) The remuneration for premium point should be enhanced to Rs.15/- per receipt.
- 15) Arrange deduction of Re-payment of co-operative societies dues from agents' commission .
- 16) The diary of LIC should be of better quality
- 17) Restore the earlier system of re-investing the survival benefit and sending intimation for premium payment through SMS

18) LIC should pay a minimum wage of Rs.15,000 per month for LIC agents,(they having been included in the unorganized sector workers bill)

19) Clarification on the newly introduced illustration form before the Agents signing on the form.

20) Due to the shortage of new schemes the business from January to March last year was very dull . Therefore, the eligibility for club membership and MBG may be relaxed by one year.

21) Group Insurance Scheme age limit to be enhanced from 69 to 85.

22) Service tax may be shown in the premium notice

### **23) Problems related to the Club Member Agents and prospective CM Agents**

(a) Avoid interview for Club Membership.

(b) Avoid all types of lapsation criteria for Club membership including 15%.

(c) Bring back the old rule that a Club Member for 15 years automatically becomes a Life Member.

(d) Remove the anomalies in the revised club rule. Sum assured clause should be retained. Escalation clause in the club rule to be abolished. Ceiling limit of 7.5% should be increased to 15% of the total earnings of the agents for the sanction of office allowance.

(e) Resume payment of allowance for club member agents for meetings other than club convention.

(f) Ensure strict implementation of the circular on the draught and festival advances for agents as the Zonal authorities are not adhering to the Central Office Circular.

(g) Revival of lapsed policies to be allowed upto 31<sup>st</sup> May of every year and such revived policies to be included in the agents' account for preparing the roaster for entry/continuation in the clubs.

(h) Increase club members allowances periodically such as office maintenance, out of pocket expenses for attending the club conventions, in lieu of club conventions daily allowances, telephone and mobile call charge re-imburement for both C.Ms and Z.Ms club member agents and increase number of calls periodically.

(i) ZM's club members to be allowed air travel facility for attending ZM's club Convention. Telephone rent to be reimbursed to the ZM's and DM's club members. Actual cost of purchase of second hand car to be paid to the CM's and

ZM's club members and repayment period to be 48 months. Monitor and ensure that the mediclaims are settled by the TPA promptly.

(j) In order to be eligible for club membership the business of the past three years was taken into account. However, in case there was no sufficient business in the second or third year, the business of the immediate next year used to be considered. This practice has been stopped from this year. This may be continued.

(k) Restore the remittance period of premium to 48 hours of collection.

#### **24) Points for attracting policy holders and prospective clients.**

- (a) Policy requirements must be simplified & liberalized
- (b) Reduce interest rate on policy loan.
- (c) Date back interest to be dropped
- (d) Revival condition for the lapsed policies to be further simplified.
- (e) Give a chance for special revival of lapsed policies after five
- (f) LIC should persuade the Govt. of India to restore 100% tax exemption for only LIC premium.
- (g) Full special medical report fees to be re-imbursed to the policy holder if the proposal is accepted.
- (h) The system of paying advance premium for five years should be re-introduced.
- (i) ULIP policy holders do not get back at least the money they invested. LIC should ensure that proper return is given back to these investors, which will boost up the image of LIC. This is because it is found that even if the sensex is rising the NAV is not increasing in ULIP policies.
- (j) New Voters' identity card, driving licence, pan-card and Aadhar may be accepted as standard age proof (date of birth) for underwriting purpose.
- (k) Re-introduce policies with sum assured Rs.50,000/-
- (l) Re-introduce policies with minimum 5 years and maximum 70 years.
- (m) Facilitate renewal of lapsed policies life long after fulfilling the formalities.
- (n) Fix the minimum guaranteed return for the policy holder.
- (o) Introduce new attractive policies with lower premium.
- (p) Introduce attractive mediclaim policies, pension and children policies.
- (q) The Jeevan Saral policy does not give even the premium paid on maturity 10 of years. They should get at least the money paid with a reasonable interest.

Thiruvananthapuram  
17<sup>th</sup> October 2015



**P.G. Dileep,**  
General Secretary.

