

April 19, 2025

The 24th Party Congress of the Communist Party of India (Marxist) expresses grave concern at the multiple disastrous attacks of the Central Government on LIC and the public sector General Insurance companies.

For 68 years, the public sector insurance sector has contributed to vastly expanding insurance coverage across India. But the actions being taken by the Union Government and the insurance regulatory body, IRDAI, are having a very serious impact.

The government and the IRDAI have set a target that every Indian should have an insurance policy by 2047. However, achieving this target depends on overall economic growth and disposable income in the hands of the people. Spreading insurance is not easy in an economy where economic inequality is at its peak. However, the insurance business has grown due to the trust people have in public sector insurance companies. According to the Life Insurance Council, it is a great achievement of LIC that almost 70% of the insurable population has been insured. Now the policies of the Union Government are launching a severe attack on such progress. The Union Government is trying to move insurance reforms to such a stage as would push the insurance industry to the pre-nationalisation days.

The proposed reforms of particular concern, which are detrimental to the interests of the national economy and the people, are:

- Increasing foreign direct investment to 100%,
- Reducing the initial capital limit for private insurance companies
- Reducing drastically the commission of LIC agents, who contribute to LIC's business substantially; introducing portability of LIC agents.
- Allowing an agent to sell policies from more than one company
- Allowing the concept of Composite Insurance whereby a life insurance company could sell non-life and health insurance and vice versa

Allowing 100 per cent foreign investment is against national interests since it will lead to a reverse flow of capital from India to the metropolitan countries.

Reducing the capital limit for private insurance companies to the level of insurance penetration is based on the wrong premise that increasing the number of players would lead to more sales. Such a permission will have a severe impact on the savings of policyholders. It risks recreating a situation similar to the looting of people's savings before nationalization in 1956. Already 3.5% of LIC's shares have been sold. This move towards privatization must be stopped.

There are discussions and movements across the country demanding the abolition of GST on insurance premiums and medical insurance. Despite the emergence of a nationwide consensus, the GST Council has postponed its decision on this. GST on life insurance and medical insurance should be completely abolished.

The 24th Party Congress of the CPI(M) emphasizes that LIC, which has made a major contribution to the development of the nation's basic industry, the spread of insurance, and the protection of people's savings, should be protected, and that four government public sector General Insurance companies should be merged and transformed into a monolithic institution like the LIC.