Sri Lanka Insurance management announces new job-destruction scheme

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Sri Lanka Insurance Corporation (SLIC) management has announced an Early Retirement Benefits Scheme (ERBS), following its previously introduced Voluntary Retirement Scheme (VRS). Supported by the SLIC trade unions, both schemes are in order to restructure the state-owned enterprise by slashing jobs, wages and working conditions.

The schemes are part of the Wickremesinghe government's cost-cutting privatisation and restructure of hundreds of state-owned enterprises (SOE) as dictated by the International Monetary Fund (IMF) in return for a $US3 billion bailout loan. In March, the Wickremesinghe government's cabinet of ministers approved the sale of shares in SLIC and six other SOEs. Three consultancy firms have been appointed to monitor and speed up this process. Next month an IMF team will visit Sri Lanka to review the progress of its austerity program.

Union officials endorsed the VRS, following secret wine-and-dine discussions with the management on June 16 and 17 at the MAS training centre at Thulhiriya, 70 kilometres from Colombo.

The VRS will be available to employees who have worked at SLIC for over five years. They will be divided into different categories, according to their period of service, and paid compensation for the remaining years till they reach the retirement age of 60.

The Sri Lanka Freedom Employees Union, the Samagi Employees Union, the National Employees Union, the Podujana Progressive Union, the Inter-Company Employees Union, and four other unions that claim to be independent, were involved in the MAS training centre discussions.

The first five unions are controlled by the Sri Lanka Freedom Party (SLFP), the Samagi Jana Balavegaya (SJB), the United National Party (UNP), the Sri Lanka Podujana Peramuna (SLPP) and the Janatha Vimukthi Peramuna (JVP) respectively. Like the SLPP and UNP, which are part of the Wickremesinghe government, the opposition SJB, SLFP and JVP and their respective unions, are committed to the IMF's austerity measures.

These unions, having previously appealed to the government not to restructure SLIC because it was a profitable institution and pledged their support to further boost these profits, are now openly supporting the restructuring plan.

In a July 12 letter to the SLIC chairman, the unions voiced their agreement with the VRS but urged the company to give retrenched employees shares in the company and pay an additional half-month salary for every year of service. It warned that, if shares were not given to retiring employees, the VRS would fail.

The recently announced ERBS is a result of further discussion between management and the trade unions. It is not yet clear why the additional hybrid retirement system has been offered. However, an August 11 letter to employees about ERBS by Chandana L. Aluthgama, the chief executive director, said the SLIC would be divided into normal and life insurance divisions, and "redundant employees" removed.

SLIC employees have warned that management plans to close SLIC's "unprofitable" normal insurance section, which includes health, business, vehicle, family and travel insurance.

Aluthgama's letter says that ERBS is a result of further talks with the unions who suggested an "attractive retirement scheme" be offered to those retiring before the age of 60 and they be given company shares and health benefits.

The letter said these proposals have been submitted to the SOE restructuring unit in the finance ministry. This "restructuring" will severely impact on the jobs, wages and working conditions of SLIC employees.

Closure of the normal insurance division, which currently employs 1,500 workers, will throw these workers onto Sri Lanka's rising unemployment scrapheap, amid hyperinflation and drastic cuts to public health and education.

Retirement and retrenchment payments or provision of shares will not be enough for the workers to maintain themselves and their families under these conditions. Union calls for improved payments and company shares are a cynical fraud to dissipate workers' opposition to the government's brutal social attacks.

An SLIC worker told the *World Socialist Web Site*: "We have not been provided clear information on ERBS and when we make inquiries from the union leaders, they ask us what is going on. They pretend to have no idea but they know everything. They know everything but say nothing to us. The union leaders have sold us out and they have undermined the struggle."

The ongoing collaboration with SLIC management to implement Wickremesinghe's job destruction policies is a clear exposure that workers cannot defend themselves through the unions.

This is not limited to the SLIC unions but is the modus operandi of all unions in Sri Lanka and internationally. The trade unions are not workers' organisations, but an industrial police force to suppress workers' struggles and implement the demands of capitalist governments and companies.

The betrayal of the SLIC unions has strengthened management, encouraging it to impose measures to suppress employees' opposition. This includes the forcible transfer of Insurance General Employees Union (IGEU) general secrtary Diwakara Athugala and Nayomi Hettiarachchi, who organised protests on December 8, 2022 and March 15 this year against the restructuring.

Management has also issued warning letters to nearly 50 workers for "rallying inside the institute" as part of a lunchtime protest against the new collective agreement of about 300 workers on February 15.

On June 6, SLIC union leaders, including IGEU officials, quickly dispersed a demonstration of hundreds of SLIC workers to protest the forced transfer of Athugala and Nayomi Hettiarachchi. SLIC employees are now prohibited from assembling or discussing workplace issues in company premises.

These experiences irrefutably demonstrate that SLIC employees must reject all union and management retirement and redundancy schemes, oppose privatisation and defend all jobs.

This means taking matters into their own hands by forming action committees under their democratic control and independent of the trade union bureaucracy. It is crucial for SLIC employees to turn to other sections of the working class to organise a united struggle against the IMF austerity program and defend workers' democratic rights.

The Wickremesinghe government's brutal measures can only be defeated in a political and industrial battle to bring down the government and to take forward the fight for a workers' and peasants' government to implement socialist policies as part of the broader struggle for socialism in South Asia and internationally.

The SEP urges SLIC employees to contact us and discuss this program.

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