



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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Ref: 2023/ 005

08.02.2023

The Office Bearers, Central Committee members, State Committee Chiefs
A.I.B.R.F.

Dear Sir

Re: Proceedings of CLC Meeting held on 6.02.203 on GMIS
Re: Reporting

As you are aware and as reported from time to time through our following circulars, AIBRF has submitted representation to Chief Labour Commissioner (Central), office New Delhi on continuous violation being committed by IBA in implementation of terms and conditions of the settlement dated 25.05.2015 on GMIS. To dispose of our representation, so far 4 joint meetings have been convened by CLC and 5th Meeting took place on 06.02.2023. We below report important developments which took place during proceedings of 06.02.23 which indicate that the entire matter has entered in to crucial stage.

Circulars issued by AIBRF on CLC Proceedings

- (a) Circular No. 2022/681 dated 22.10.2022
- (b) Circular No. 2022/691 dated 22.11.2022
- (c) Circular No. 2022/692 dated 29.11.2022
- (d) Circular No. 2022/ 710 dated 13.01.2023

02.Proceedings of Meeting convened by CLC on 06.02.2023

- (a) **In the meeting, this time, IBA and DFS representatives were also present and participated in the discussion.**
- (b) On behalf of AIBRF, 4 office bearers headed by the General Secretary participated in the proceedings.
- (c) AIBRF was first asked to make submissions in the matter. The GS made the following detailed submission on the representation of AIBRF on GMIS which is under discussion.
 - (i) AIBRF is apex level organization of bank retirees and is registered under Trade Union Act, 1926. Its present membership is more than 2.6. lakhs through 41 affiliates. Its main object is to raise retiree issues before authorities for resolution independently as well as in coordination with serving unions. It believes in maintaining cordial relationship with the management, serving unions and all concern.
 - (ii) Health management is the biggest challenge for retirees to lead normal life. AIBRF also gives importance to the issue of health management with the approach to address as a group. AIBRF considers health insurance as effective tool in managing health related issues, in particular for senior citizen group. Therefore, for last several years it has been raising the issue at various forums for introduction of group health insurance policy for bank retirees.

- (iii) AIBRF was happy to see that under Bipartite Settlement dated 25.05.2015, Schedule IV was added introducing Medical Insurance Scheme for employees. As a welfare measure, the scheme was extended to the retirees on the same terms and conditions with the stipulation that cost of the premium will be borne by the retiree.
- (iv) It was brought to the attention of the Presiding officer that as per provisions of the settlement, during 2015-16, 2016-17 & 2017-18 (First three years), premium chargeable under employee policy and retiree policy was kept identical and uniform. **It was Rs. 4930 in 2015-16, Rs.10452 in 2016-17 & Rs. 10452 in 2017-18 for policy of Rs. 3 lakhs both for employees and retirees. For policy of Rs. 4 lakhs , premium fixed in 2015-16 was Rs. 6573, in 2016-17 it was Rs.13935/- and Rs 13935 for 2017-18.** These rates were also uniform for both employees and retirees. These rates were excluding taxes.
- (v) It was further brought to the attention of the presiding officer that rates were kept uniform as per the provisions of the settlement despite the fact that the insurance company as well IBA and unions who designed the scheme fully know that risk parameters which determine premium rates are different for retirees compared to employees and also despite the fact that claim ratios of retirees from 2015-16 to 2017-18 were different. In other words, for effective and proper compliance of terms of the settlement, it was necessary for insurance company, IBA & Unions to ensure to have uniform premium rates, combined claim ratio for retirees and employees need to be worked at the time of each renewal. In fact, premium rates were kept uniform during first 3 years by calculating combined claim ratio for retirees and employees. For annual renewal exercise, as per terms of the settlement, IBA engaged services of insurance broker, K.M. Dastur & Co., Mumbai for first three years. However, IBA terminated services of the broker from 4th year, 2018-19.
- (vi) Violation of terms of the settlement commenced from renewal of 2018-19 when it stopped calculating combined claim ratio for employees and retirees as per requirement of the settlement. It resulted in to steep and unbearable increase in premium for retirees by **75 per cent in 2018-19 from Rs. 10452 to Rs. 18301** while employee premium increase was **only 11 per cent from Rs. 10452 to 11613** in case of sum assured of Rs. 3 lakhs and from Rs. 13935 to Rs. 24400 for sum assured of Rs. 4 lakhs in case of retirees and for employees policy it was increased merely from Rs. 13935 to Rs. 15483/- In 2018-19, **retirees were made to pay Rs. 6688 (18301-11613) additional amounts for 3 lakhs policy and Rs 8917 (Rs. 24400-15483) compared to employee policy.**
- (vii) From 2018-19, violation of terms and conditions of the settlement commenced. It did not stop in 2018-19 and is continuing in every renewal year after year. **In 2022-23 renewal retirees are required to pay additional amount for Rs.15254 (Rs.35029-Rs. 19775) for Rs. 3 lakhs policy and additional amount of Rs. 21314/- (Rs. 48990- Rs. 27676) for Rs. 4 lakhs policy.**
- (viii) Apparently, it looks that this deviation was adopted to reduce premium burden on bank management. Against basic spirit of welfare under which this scheme was introduced for retirees and in violation of terms of the settlement, retirees' policy was put purely on commercial consideration and insurance companies were allowed to quote premium rates according to their norms. Practice of combining claim ratio for employees and retirees were not insisted by IBA as per terms of the settlement. This shift from the practice brought unbearable financial burden on retirees and because of this large number of retirees were forced to opt out of the scheme though health insurance was necessity for them at the advancing age. Because of this violation, large number of retirees, in particular of those who are drawing pension of Rs. 25000 p.m. or less and who could not afford high premium have been left to the mercy of their fate. How important is health insurance for retirees need not be emphasized. Universally, in welfare states several measures are taken by governments/ ex-employers to provide health insurance to retirees at very liberal/ subsidized terms. **But unfortunately, parties to the settlement having run the scheme**

for first 3 years purely on the principle of welfare and as per provisions of the settlement converted it in to commercial scheme in violation of the settlement completely exposing health of retirees without insurance.

- (ix) It was also brought to the attention of Presiding Officer that it looks very peculiar and surprising that premium rates for employees have constantly remained low compared to retirees from 2018-19 onwards despite the fact that employee policy has much wider coverage compared to retirees, **Employee policy covers self, spouse, all dependent children and dependent parents** who normally happen to be senior citizens. In other words, employee policy provide coverage to younger as well senior citizens. While under retiree policy coverage is available only to self and spouse. Even physically handicapped children are not covered in case retirees.
- (x) Whole pattern of negotiation and fixation of premium has only benefited to bank management from 2018-2019 onwards where retirees were required to pay much higher than their counterpart in service. Lower premium, better benefits in employee policy and higher premium and lower benefits for retirees.
- (xi) Settlement dated 25.5.2015 has made specific provision of reimbursement of domiciliary expenses for specified ailments to the extent of 100 per cent. As the scheme was extended to retirees on the same terms and conditions, domiciliary benefits at par with employee should have been extended to retirees on automatic basis. But in violation of terms of the settlement, retirees have been given option to avail benefit that too to the extent of 10 per cent by way of sub limit and for which retirees are required to pay extra premium. Nowadays, surprisingly, premium for this sublimit is charged higher than the sum assured , nowhere seen this type of situation and not heard also. In case, any retiree thinks of availing domiciliary facility, he is heavily penalized by paying premium higher than sum assured. Benefit of corporate buffer as provided in the scheme was not extended to retirees.
- (xii) On conclusion of oral submission by AIBRF as stated above, copy of AIBRF rejoinder dated 17.12.2022 covering above points were submitted to the Presiding Officer for consideration

IBA/ DFS submission

Letter dated 4.02.2023 was submitted to the Presiding Officer for consideration by IBA representative. He had drawn attention of the Presiding Officer on the following points during oral submission

- (a) IBA does not have any mandate from banks to negotiate/ discuss with Retiree Association
- (b) The scheme was extended to retirees on optional basis subject to payment of premium.
- (c) Judgement delivered by Delhi High Court in W.P. No 11438/2018 & 11554/2019- Jugal Kishore Julka & others and some other points made in it were referred.
- (d) AIBRF is not signatory to the settlement and does not hold any ground for discussion with IBA. Settlement is between IBA & UFBU.
- (e) In view of the above, the matter should be closed by CLC.

Response of AIBRF on IBA submissions/ documents

- (a) It is very clear that settlement dated 25.05.2023 which include group medical scheme also was negotiated and approved by IBA on the basis of mandate given by member banks. As for as group medical scheme

is concerned, there are three parties to it, IBA representing bank management, Unions representing employees and **retirees as beneficiaries** of the scheme. Retirees have been conferred some benefits and rights under the scheme. The retirees covered under the scheme are large in number. They have independently organized themselves as per law of the land.

- (b) In case of any grievance retirees as beneficiaries have on issues related to implementation/ violation of terms and conditions of the scheme, where retirees and their organizations should go. Mandate is already given to IBA to form group medical scheme which gives implied authority to IBA to deal and dispose of the connected issues. How far it is correct for IBA to say to consider grievances of retiree connecting to already formed scheme, they need separate mandate to talk to the representatives of beneficiaries. **Whether it will be legally tenable and in conformity to the State Policy to close all doors of grievance redressal for beneficiary and ask them to approach court.**
- (c) It was brought to the notice of Presiding Officer that need of having proper grievance redressal forum was recognized and well appreciated by Parliamentary Committee on Public Grievances, Law and Justice in 2009 and directed IBA to establish grievance redressal forum in banking industry so issues can be resolved through discussion to avoid litigation. IBA is not ready to recognize it.
- (d) How far it is proper for IBA to say at this stage that the scheme is optional for retirees. In other words, IBA stand is that either you accept the scheme finalized by IBA or forget it. The retirees were very happy to welcome the scheme in 2015 as it met their long needed demand of health insurance. Large number of retirees opted for it. But after 3 years, increase in premium arbitrarily for retirees and then saying that it is optional is very harsh and pinching situation for retirees. It amounts to throwing them on their fates and exposing their health. At this stage, no much option is left for the retirees for any alternate. The retirees are feeling hurt with this remark and approach of IBA.
- (e) The Presiding Officer enquired that why unions who are parties to the settlement are not raising the grievances of retirees in the matter and why AIBRF is not approaching them for their redressal. In response to this, we submitted that from time to time we are approaching unions for resolution of retiree grievances as well as improvement in the scheme. But the final view on our request has to be taken by them. Simultaneously, as an independent organization and our responsibility towards membership, AIBRF cannot remain salient and continue to make all possible efforts for resolution.

03. After hearing the parties, CLC has not accepted request of IBA to close the matter and decided to hold further discussion on AIBRF representation and rejoinder submitted in the matter. IBA and DFS were asked to submit written response on the points covered under AIBRF rejoinder. Next date of hearing is fixed on 13.03.2023.

04. We have given detailed account of the proceedings to enable our affiliates, office bearers, Central Committee members to fully understand the nitty gritty of the whole issue.

With Warm & Fraternal Greetings,

Yours Sincerely

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(S. C. JAIN)
GENERAL SECRETARY