



ALL INDIA BANK RETIREES' FEDERATION (Regd.)

(Regn No:G 6601 under the Trade Union Act 1926)

D-1/1, Sector-C, Scheme-71,

Near Kasara Bazar School, Indore – 452 009.

सेवा निवृत्त हितेस्त

Ref: 2016/570

Date: 29.10.2016

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Sri B.Venkat Rao

Sri Rajan Dhargalkar

Sri Suresh Sharma

Sri R.Shirambekar

The Chairman
Indian Bank Association
Mumbai

Sir,

**Re: GROUP MEDICAL INSURANCE SCHEME FOR RETIREES
Re: Grievances of Retirees**

We wish to invite your kind attention on the following letters we have written to IBA in last one year on the subject of group medical insurance scheme for retirees launched by IBA as per the provisions of the settlement dated 25.05.2015, in collaboration with United India Insurance Scheme Ltd w.e.f. from 01.11.2015.

(1) Letter No 2015/270 dated 16.11.2015

(2) Letter No.2016/506 dated 12.07.2016

(3) Letter NO.2016/519 dated 04.08.2016

(4) Letter No.2016/548 dated 01.10.2016

2. We find that despite our patiently waiting for last one year, none of the above communications has been either acknowledged or replied by IBA though we have raised very relevant and important issues on the scheme which affect interest of the retirees. You will kindly appreciate that the insurance scheme has been designed and launched by IBA and therefore for grievances on the scheme, logically we have to approach IBA only. But IBA has chosen to maintain complete silence on our communications indicating that possibly IBA feels that it has no accountability on the issue towards our organisation which represent more than 1.5 lakhs bank retirees who have paid premiums from their own pocket on the call of IBA.

3. We are of the considered view that the scheme was designed and launched by IBA certainly for the welfare of bank retirees to provide them some reliable and affordable tool in the health management at the advancing age and not for any commercial consideration to promote insurance business.

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4. But we find that the scheme has failed to achieve this basic objective for the following reasons which have already been brought to your kind notice earlier also from time to time for timely action:

(a) The biggest violation in the implementation of the scheme from the beginning itself was the Insurance Company/TPA refusing to honour the commitment of reimbursing the domiciliary expenses incurred for the treatment of eligible ailments to the retirees as per the provisions of the settlement and on the other side the insurance company continued to settle claims for domiciliary expenses to the employees and their families with the same quantum of premium collected from them.

(b) It was also shocking for the retirees of nationalised bank who are covered by IBA scheme to find that the same insurance company while refusing to honour the commitment of reimbursement of domiciliary expenses under IBA scheme has after some time offered group medical scheme to the retirees of State Bank of India with the provisions of reimbursement of domiciliary expenses almost on the same premium and with same risk profile of the members of the group

(c) IBA has failed to ensure during the last one year to compel the insurance company and the broking firm to honour the commitment as per the provisions of the settlement and in particular after the introduction of the insurance scheme in SBI in January, 2016

(d) We are not aware what efforts have been made by IBA to ensure that the insurance company honour its commitment. We have also not been taken into confidence despite our repeated request to IBA in this regard and also not giving logical reasons for allowing such violations for long period of one year and details of efforts made in this connection at various levels though as explained repeatedly that we are body registered under Trade Union Act and represent more than 1.5 lakhs retirees who have suffered adversely because of this violation after shelling huge amount by way of payment of premium out of their income.

(e) The details of the scheme was communicated to the banks as late as in October, 2015 vide IBA circular XBPS/ 1413 dated 1st October, 2015 effective from 1-11-2015 though the

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scheme was finalised in May, 2015 itself, giving time of less than 15/20 days at the bank level to exercise the option initially. No action was taken by IBA to give publicity through media to reach to the retirees located at remote places giving details of the scheme and allowing reasonable time to arrange funds for premium payments and taking decision to switch from their existing medi-claim policies. It was very clear that the above were not the issues in case of employees as the entire premiums of the policy was to be borne by the bank and there was no provision of exercising the option by them.

(f) It was subsequently found that the insurance company kept on extending the dates of exercising the option as late as September, 2016, two months before expiry of first year presumably in the efforts to maximise collection of the premium to serve the commercial interest of the insurance company giving risk cover for 2 months and charging premium for 12 months. We feel these unethical practices were allowed to be adopted by the insurance company either with the consent of the IBA or IBA failed to stop taking such actions.

(g) While issuing the communication advising the member banks details of the scheme, it was not specified by IBA as to which categories of the retiree will be eligible for joining the scheme. As you know there are various categories of retirees in the banking industry like pensioner, non-pensioners, resignees, compulsorily retired employees, retired employees etc. It was left to the member banks to decide about inclusion/ exclusion of the categories of the retiree for the scheme creating huge confusion at various levels.

(h) We find from clause no. 5.18 - Low/ High Claim Ratio(Bonus/MALUS) of the Group Insurance policy under IBA scheme issued to individual member banks covering retirees that Unite India Insurance Company has provided for increase in premium for renewal for next 3 years in case claim ratio is in the region of 136-140 percent to the extent of 18 percent charged in first year. We do not find any specific clause in the policy which allows the insurance company to load the premium for more than 18 percent for 3 years. But as you know, United India Insurance Company has increased renewal premium by more than 110 percent

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in violation of the terms and conditions of the policy. We Shall feel highly obliged if IBA clarifies its stand allowing the insurance company to collect such hefty increase in the premium. We are of the view that IBA should consider taking legal action against the insurance company for this violation of serious nature affecting the interest of the senior citizens adversely.

(i) We find that at the time of renewal also it seems that insurance company / IBA have acted in haste and advised about quantum of premium to be charged to the member banks only on 10th October leaving for member banks hardly any time to collect the premium in view of ongoing festival seasons during the period on the one side and on the other side for retirees to make arrangements for such hefty premium in 7-8 days very very difficult particularly for the family pensioners, pre-1986 retirees, resignees etc. At the same time it was impossible to reach to the retirees within the short time advising the increase and taking the decision for renewal

(j) According to us and IBA will also agree with us that this scheme was designed for the welfare of the senior citizens to provide medical insurance cover at the affordable cost. But we find that this aspect has been totally lost sight of in view of the subsequent developments and decisions taken by the insurance company/IBA. You are aware that we have the following categories of pensioners who get very low quantum of pension.

(i) Family Pensioners (15 percent of normal pension) quantum Rs 5000 to 9000 on an average

(ii) Pre-1986 retirees- Ex-gratia of Rs. 3600

(iii) Spouse of Pre-1986 retirees- Rs 1700

(iv) Compulsorily Retired Employees- 2/3 of normal pensions

(v) Resignees- No pensions

(vi) Non-Pensioners- No pension

(vii) Pre-November-2002 retirees getting lower rates of dearness allowance

How do you expect retirees of the above categories with very meagre income to pay premium of Rs. 15000/ 20000 for health insurance alone? It is simply out of their affordability

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even they get best of the terms. In many cases, the premium alone will take away 3 months to 6 months of their monthly pension. Basic element and sprit of social welfare and affordability of the group has been completely sacrificed to ensure commercial consideration of the insurance company. We are of the view that IBA could have ensured crucial element of affordability for the above groups by having different slabs of insurance cover say Rs. 1 lakh, 2lakhs 3 lakhs & 4lakhs. We had come out with this suggestion to make the policy affordable but best reasons known to IBA, it has not been considered. Now large number of retiree in particular belonging to the above categories have been forced to opt out of the scheme because they cannot simply afford to pay the premium for taking cover for Rs. 3/ 4 lakhs. First they were induced to join the scheme last year switching from the existing health insurance and now they are being forced to opt out it making them to go without health insurance at this stage of life as their options to go for alternative are just shut. We are of the view that IBA did not have intention to introduce this social scheme for senior citizens with the idea of bringing the retirees to such hopeless situation because of strict commercial consideration.

(k) It is also unfortunate that most of the banks are not ready to consider any financial subsidy or even soft loan for payment of premium even for family pensioners/ pre-1986 retirees in the name of their poor financial position.

(l) It is also seen that some private banks who are signatories of the settlement have not implemented IBA scheme for retirees

(m) We also find that the renewal premium fixed for 2016-2017 are highly discriminatory for the retirees as they are being insisted to pay extra premium to get benefit of domiciliary expenses while no extra premium are being charged to the employees.

(n) We find that many Public Sector like Bank of India, Punjab National Banks, Oriental Bank of Commerce and others are successfully providing health insurance cover in collaboration with insurance companies for their customers up to the age of 80/ 85 years for last several years at the moderate premium with no much increase in the premium keeping the spirit of affordability and paying capacity of the

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customers. We do not know why these schemes were not considered by IBA for retirees, though with some restrictive clauses to provide health insurance within their paying capacity on sustainable basis.

3. We are of the strong view that the above points / apprehensions raised about the scheme need serious discussion to make the health insurance scheme affordable, reliable and sustainable on the long term basis so it becomes the model scheme for the senior citizens in the country. We demand that AIBRF should be invited by IBA to hold the discussion as it represents large number of retirees who are the most important stake holder in the scheme. We are sure IBA will consider this aspect and give response to our this communication without delay.

4. In the meantime, to understand and appreciate the scheme and its implementation and the stand taken by the insurance company, IBA and broking firm, we shall feel highly obliged if you will kindly provide the following documents in respect of the scheme

(a) Copy of the agreement entered with lead insurance company for launching IBA scheme for the retirees

(b) Report of the committee of IBA who did appraisal of the proposals received from different bidders and finally selecting UIICL.

(c) Copy of the agreement with the broking firm, K.M. Dastur Reinsurance Brokers Pvt. Ltd. who is handling the scheme with details of the incentives to be paid to it for handling the scheme

(d) Copy of the correspondence entered between IBA and the lead insurance company on the issue of domiciliary expenses after its implementation.

5. We hope IBA will consider our above request positively. We know that IBA is not covered by RTI and we cannot demand the documents under this law. But still we feel that we are legally entitled to demand the documents to protect the interest of our lakhs of the senior citizen who are our members and who have direct interest in the scheme. We are sure IBA will appreciate this position. In case we do not receive response of this letter,

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we will have no option but to take the issue at the appropriate and competent forum to take it to the logical conclusion. We are sure that IBA will not drag us to that position.

With Respectful Regards

Yours Sincerely



**(S.C.JAIN)
GENERAL SECRETARY**

**c.c. to the Honourable Minister of State for Finance
Banking Division, Government of India, New Delhi**

**c.c. to The Honourable Minister
Department of Social Justice, Govt. Of India New Delhi**

c.c. to The P.M.O – On line

**c.c. to The Banking Secretary, Department of Financial Services
New Delhi**

**c.c. to The Chairman,
United India Insurance Company Limited
Head Office, Chennai**

c.c. The Chairman, IRDAI, Hyderabad

c.c. to K.M. Dastur Reinsurance Brokers Pvt. Ltd., Mumbai

c.c. to The Affiliates of UFBU.

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