



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

Flat No 101, Block C Shivom Residency, M. G. Road Indore- 452001

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Ref: 2022/ 608

03.03.2022

Shri Sanjay Malhotra
Secretary, Department of Financial Services,
Government of India, New Delhi

Respected Sir,

Re: Group Medical Insurance Scheme for bank Retirees

Re: Staff Welfare Funds

We wish to invite your kind attention on our letter No. 2021/585 dated 15.10.2021 (copy enclosed for ready reference) on the subject of allocation of funds out of staff welfare funds for bank retirees.

2. In our above referred letter, we had drawn your kind attention that IBA/ banks have not been adhering the guidelines/ direction given by DFS vide letter no. DFS letter No. 14/7/92-IR(Vol-II) dated 24.02.2012. In this communication, DFS had advised banks to allocate portion of staff welfare funds which should be exclusively used for giving health insurance policy to retirees. However no bank is implementing this instruction/ guideline of the government even after expiry of more than 10 years since its issuance and our organization taking up the matter with IBA from time to time.

3. It may be mentioned that IBA introduced group insurance scheme for retirees in 2015 and is continuing since then. However, under this scheme, entire insurance premium by all groups of retirees from sub-staff to the General manager is born by the retirees. Result of this is that large number of retirees are not able to buy health insurance policy due to the fact that insurance premium rates have gone up more than 600 per cent in last 6 years and resultantly have become beyond their paying capacity. In last renewal, less than 50 per cent could buy IBA health insurance policy and more than 50 per cent of bank retirees have remained without health insurance though they all very much need this for effective health management and more so in the present situation when covid pandemic is spreading in the country at periodical intervals.

4. **We have come to know that Indian Bank Association (IBA) has since started exercise for next renewal of group health insurance which will become due on 1.11.2022.** It may be stated that we have been representing to IBA from time to time on this issue offering suggestions on the scheme as well as our requirement in this regard. However, somehow or other IBA is not prepared to hold any sort of discussion with the representative of our organization despite the fact entire cost of the premium is borne by the retirees. We are also not aware as to the basis on which guidelines are given to member banks for allocation of funds for retirees out of welfare funds to implement government guidelines containing in the above referred communication of DFS.

5. In view of the above facts, we humbly approach you and offer the following suggestions for next renewal

(a) **We suggest that all retirees should be given health insurance policy up to Rs. 2 lakhs free of**



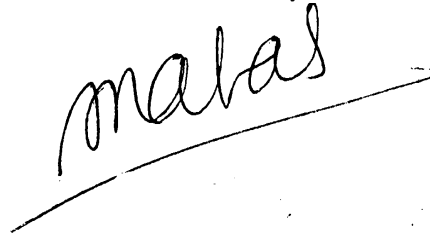
cost so that each and every retiree get benefit of the insurance which has become necessity for senior citizens in the present situation. Advantage of this will be that premium rates will come down considerably. It will also result in appropriate implementation of the government direction contained in the above referred letter. At present about 2 lakh retirees out of about total 5 lakh retirees in the banking industry avail group insurance policy . Once group size goes up to 5 lakhs, it is expected that premium rates will come down by 30 to 40 percent. It is seen that insurance companies quote higher rates when group size is not definite and known.

- (b) The retirees who desire to avail higher sum or super top policy may be required to pay additional premium from their pockets.
- (c) At present GST rates on insurance premium is 18 per cent which we feel is very steep and high. We request you to take up the issue with the concern authorities to reduce at moderate rate for senior citizens.

We shall feel obliged if you will kindly consider our above suggestions sympathetically and advise IBA suitably to implement at the time of next renewal.

With respectful Regards

Yours Sincerely

A handwritten signature in black ink, appearing to read 'S. C. Jain', is written over a horizontal line that extends across the page.

(S. C. JAIN)
GENERAL SECRETARY

C. C to

1. Shri A. K. Goel, Chairman IBA, Mumbai
2. Shri Sunil Mehta, Chief Executive, IBA, Mumbai

