



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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

E-Mail ID sharbat_123@rediffmail.com Mobile: 8966019488

सेवा निवृत्त हिरेस

Ref: 2022/ 616

19.03.2022

Shri A. K. Goel
Chairman, Indian Banks' Association
Mumbai

Respected Sir

Re: IBA Group Medical Insurance Scheme for retirees

As you are aware, IBA has been managing through its members group medical insurance scheme for retirees since November, 2015.

2. The scheme is designed as a part of bipartite settlement signed in 2015. As per its provisions, retirees are required to bear 100 per cent cost of insurance premium including GST and other taxes. On an average about two lakhs retirees have been exercising option to join the scheme every year in last seven years. We find that premium rates have gone up by more than 600 per cent under the scheme during this period. It is seen that several modifications/ changes have been made in the provision of the settlement as well as good number of instances of violation.

3. As you know, target group under the scheme is bank retirees. These retirees are represented by retiree organisations which function at the bank level as well as apex level. AIBRF is the largest organisation of bank retirees in the industry and is in existence since 1995. It is registered under Trade Union Act, 1926. Present membership strength of AIBRF is more than 2.5 lakhs.

4. As per our understanding and the provisions of various laws in operation and guidelines/ directions issued by the government from time to time, present status of AIBRF confers some legal rights on it to represent the issues of its members before bodies representing bank managements. This fact has been recognised by the IBA also. It may be pointed out for the ready reference that as per the direction guidelines received from the government of India, IBA has advised member banks to establish grievance redressal cell/ mechanism at corporate offices and hold periodical discussions with the representatives of retiree organisations. Under this arrangement, large number of AIBRF affiliates have been holding periodical meeting with top management of banks in last 7/8 It may be further stated that minutes/ record note are prepared and circulated by the bank managements for such meetings held with retiree organisations. Besides, there is widely establish practice among bank managements to acknowledge / reply representations/ letters written by these organisations on retiree issues. In this way, existence of retiree organisations is recognised by managements at the bank level.

5. However, we have to point out and it appears that IBA has reservation on adopting the same practice on retiree issues prevailing at bank level in dealing with our representations on retiree issues. Legal rights of AIBRF to represent and submit views/ stand on them is not being recognised by IBA. AIBRF represents

submitted from time to time are neither acknowledged nor replied on any matter. This situation has been going on for more than last 10 years.

6. With this background, in last 7 years, AIBRF has submitted several representations to IBA on group medical scheme every year suggesting improvements/ changes needed with the request that AIBRF may be given opportunity to present its views on them. We were expecting that in view of the fact that this group medical scheme is targeted towards retirees and fully funded by them IBA would create some forum for retirees to present their stand /views on this issue. We are of the view following this logical practice in dealing and deciding the matter would add to the creditability of the scheme with minimum dispute on them. But we find that some how other IBA does not seem to be interested to consider this practice.

7. On group medical insurance scheme, AIBRF has the following important issue/ suggestion which are long pending and which need to be examined and considered by IBA before next renewal due in November, 2022.

- (a) Unprecedented and uninterrupted increase in premium rates in last 7 years is the biggest challenge for continuity and survivor of the scheme which is much needed by the retirees. This situation in resulting in large number of retirees forced to opt out of the scheme due to financial reasons. Increase in claim ratio is one factor responsible for increase in rates. But at the same time there are several ways by bringing some changes/ modifications in terms and conditions of the insurance without sacrificing basic character of the scheme, by which increase in rates can be moderated / controlled to the large extent. AIBRF has been submitting representations from time to time to IBA offering suggesting some changes in the terms and conditions so the premium rate can be reduced from the present level ensuring maximum participation of the retirees in the scheme. It seems our suggestions in this respect have gone unconsidered. We once again humbly request you to give AIBRF team to present their suggestions on this issue before IBA so they may be examined in the right earnest.
- (b) You will kindly agree that retirees as consumer enjoy legal rights to receive some information about the product. Under this we are of the view, Insurance company may be asked to share the following information from time to time (i) Total participation of retirees under the scheme with bank wise break up and premium collected after closing date. (ii) Quarterly claim ratio and amount of claim settled. This information is very vital to determine terms and conditions of next renewal (iii) Number of claims rejected by TPA (iv) Details of complaints received against TPA and whether pending/ resolved. We do not know whether Insurance company is sharing this information with IBA. If yes, IBA should publish this data for the sake of transparency and to promote confidence among retirees. Such information should not be kept unshared under the wrap of confidentiality.
- (c) We find that to determine terms of conditions of next renewal every year committee consisting General manager in charge of HR is constituted which we understand terms of tender and negotiate with L1 bidder. But we find that despite AIBRF persistent request, this committee has never deemed appropriate to hear views of retiree organisations before finalizing terms and conditions of next renewal despite very vital fact that retiree are the most important stake holder of the scheme and it is entirely funded by them. We are unable to understand the logic for the committee reluctance to give opportunity to retirees to present their views, We once again humbly request you to give opportunity to AIBRF team to present their suggestions for the next renewal.
- (d) Importance of health insurance for retirees need not be emphasised. It is necessity for each and every retiree. Spirit behind IBA initiative in introducing group medical scheme for retirees with institutional support is that some creditable and affordable insurance scheme is available to each and every retiree. However as the event turns out to be in subsequent years after its introduction in 2015, because of increase in premium rate participation ratio has come down forcing good number of retirees opting out of the scheme. We find that more than 50 per cent of retirees are remaining out of the scheme as they are not in position to afford the existing premium amount. It is also creating in to

situation that reduction in number of participants results in to increase in rates for remaining. Further it is seen that as group medical insurance scheme for retiree is optional and number of participants is known in advance, there is tendency among insurance company to quote higher to cover unidentified risk. We feel if number of participants increase, premium rates can come down considerably. It may be pointed that considering importance of health insurance for retirees, Government of India has asked banks to provide some portion of staff welfare funds or health insurance of retirees. It is seen that this guideline of the government has not been implement by IBA at the industry level. Considering the above aspects, We suggest and request you to considering providing insurance policy up to Rs. 2 lakhs to each and every retiree free of cost as welfare measure. We are of the considerate view that

Yours Sincerely

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

(S. C. JAIN)
GENERAL SECRETARY