



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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6th Conference Slogan- Pension Updation is Right of Bank Retirees

Ref: 2023/ 101

20.09.2023

Shri A. K. Goel
Chairman, Indian Banks' Association (IBA)
Camp: New Delhi

Respected Sir

Re: Premium Rates announced by IBA for retirees for renewal of policy for 2023-24

Re: Steep and dis- propionate increase in rates and other issues

We wish to invite your kind attention on IBA circular letter no. HR/MBR/MEDINS/0496 dated 18.09.2023 announcing premium rates for renewal of health insurance policy for the year 2023-24.

2. We find that the premium rates approved by IBA are too much steep, dis-propionate and unbearable for the retiree community. After announcement of rates by IBA, **there is wide spread disappointment, anger and frustration among 5 lakhs bank retirees who are all senior citizens and many among them are 85 plus and family pensioners.** Your attention may be invited on the fact that after introduction of group medical scheme for retirees in 2015-16 as welfare measure with modest premium of about Rs. 7500 for 4 lakh policy, large number of retirees started depending on this policy for their health management leaving other options. But we find this year , premium rates have gone to as much Rs. 128420 (for non-domiciliary) and as high as Rs. 391959 (domiciliary). This is completely unbearable, unthinkable for retiree to bear this amount of premium and it also lacks complete sensitivity. We also find that complete process adopted this year by IBA was defective and completely tilted towards service provider forgetting totally element of welfare of the retirees.

We strongly lodge our protest against this steep and unbearable increase in rates of premium for retirees and defective methodology adopted in fixing the rates.

3. We would like to place the following facts in support of our above statement and protest for your kind consideration

- (a) Our organization, AIBRF had submitted representation to Chief Labour Commissioner (Central) in September, 2022 raising our main grievance along with other issues that provisions of bipartite settlement dated 25.05.2015 are being violated in fixing premium rates for retirees from 2018-2019 on words. This has resulted into retirees who participated in the scheme were overcharged to the extent of Rs. 1407.85 crores. **CLC admitted our representation for conciliation and proceedings are going on for final disposal.**
- (b) However, to our surprise, during pendency of the matter before CLC for final disposal to overcome problem of violation as pointed out by AIBRF, parties to the settlement dated 25.05.2015 IBA & UFBU signed MOU on 19.07.2023 separating retiree policy from employee policy so the grievance of retirees to

charge uniform premium rates as per the provisions of the settlement automatically collapses and get nullified .

- (c) The above method adopted by the parties to the settlement how far it is correct and legally tenable particularly when the matter raised by AIBRF is already under active consideration of CLC, settlement entered in 2015 was duly approved by the government and filed under Industrial Dispute Act, placing one section of retirees in to highly disadvantageous position while keeping employees rights intact and immediately acting on the revised provisions also. **We feel that this issue needs to be reconsidered and revisited by your good selves and premium rates may be fixed uniformly for employees as provided in the settlement dated 25.05.2015.**
- (d) IBA representative while deliberating in the joint meetings convened by CLC, has categorially mentioned that present premium rates for retirees are very high and need to be made affordable with suitable modifications in the relevant products. He further informed that IBA has initiated some steps in this direction like constituting committee of CGMs./GMs of member banks, engaging services of expert, inviting suggestions from 3 member committee of UFBU to make retiree policy affordable.
- (e) But we find that even premium of base policy of Rs. 2 lakhs introduced for retirees with several capping reducing benefits by almost 50 per cent has been fixed at Rs. 26454 while premium for Rs. 2 lakh policy with full benefits without capping was Rs. 27557 last year. Without any reduction in premium, claim benefits have been reduced by almost 50 per cent. Further we find that policy for retirees with capping with almost similar terms and conditions are being offered to retirees of SBI , bank of Maharashtra, who are part of UFBU & IBA at much lesser premium. For instance, SBI is offering to retirees' policy of Rs. 3 lakhs (50 per cent more than IBA base limit) is Rs. 19520 only. Bank of Maharashtra is also offering 2 lakh policy at about Rs. 19000 with almost similar terms and conditions. Many other public sector insurance companies offering policies to retirees at much lesser premium. It seems that while approving name of National Insurance company as L 1 these ground realities which could have gone in favor of retirees opting IBA policy have not been factored and taken in to consideration.
- (f) **Terms and conditions of tender documents floated inviting bids appears to have been designed in such a way that major portion of the premium was kept outside the preview of L1 stipulation giving full freedom to L1 bidder to quote any premium for super top policy and still remaining L1 for securing approval.** In this connection your kind attention is invited on clause no iii- Commercial Bids keeping top up policy for retirees out L1 preview and maintaining silence on top policy to employees.
- (g) If major portion of premium was to be kept out side preview of L1, We are unable to understand the logic and object of adopting tender route. **It has simply punished the retirees heavily by fixing unbearable rates of premium for top policy.** How far this mode is legally tenable. It is our humble request to kindly revisit the whole procedure and revise fair and object method of approving rates for retirees.
- (h) The result of adopting the above method of tender is that top up IBA policy premium this year for Rs. 1 lakh is Rs. 27155 against last year premium of Rs. 3730 whopping and unprecedented increase of Rs. 23425/- and for top policy of Rs. 5 lakhs the premium is Rs. 70078 against last year premium of Rs. 15180. **By following this irrational and defective method of inviting tender has broken financial backbone of retirees. This can be method of offering affordable policy to retirees is nothing but heavy punishment.**
- (i) It may be mentioned for your kind information public sector companies are offering super top policy of Rs. 5 lakhs presently with terms and conditions comparable with IBA policy in about Rs. 15000 against IBA rates of Rs. 70000/- We do not know whether these ground realities were taken in to consideration before

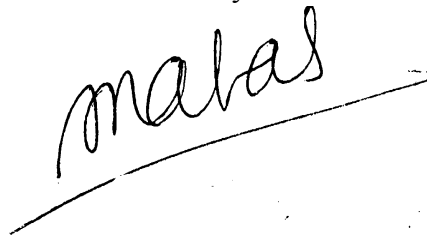
approving such exorbitant rates. We believe IBA also function under system of public accountability and corporate governance.

- (j) Retirees have organized themselves independently and are functioning as per norms and law of the country. They are important stakeholders on retiree issues. Under insurance scheme retirees represent beneficiary group. But IBA in the name of mandate are keeping them completely outside the process and is not even ready to give any platform of express their grievances. This also needs to be reconsidered and revisited.

3. we humbly request you to reconsider the issue fresh and order fresh process to approve rates of premium as per provisions of the settlement dated 25.05.2015.

With Respectful Regards,

Yours Sincerely

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

(S. C. JAIN)
GENERAL SECRETARY

C. C. to1. The Chief Labour Commissioner (Central)
New Delhi

2. Shri Brajeshwar Sharma
Senior Advisor (HR)
IBA.