

ALL INDIA BANK RETIREES' FEDERATION (REGD.)

D/1/ Sector C Scheme No. 71 Indore 452009

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SILVER JUBILEE YEAR (1994-2019)



Ref. No 019/322

10.10.2019

The Office Bearers/ Central Committee Members/ State Body Chiefs

A.I.B.R.F

Dear Comrades

Re: Efforts in reduction in premium for Group Insurance Policy.

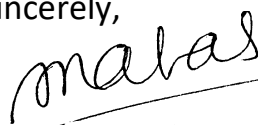
We forward herewith the following letters written by General Secretary, All India Bank Employees Association (AIBEA) to different authorities for reduction in premium rates for Group Insurance Policy for retirees.

- (1) Letter No, 70 dated 12.09.2019 addressed to UFBU Convener
- (2) Letter No. 71 dated 12.09.2019 addressed to IBA
- (3) Letter No. 88 dated 4.10.2019 addressed to IBA
- (4) Letter No. 89 dated 7.10.2019 addressed to Finance Minister
- (5) Circular No. 25 dated 8.10.2019 asking their state federation to launch campaign for reduction in GST on retiree policy
- (6) Letter No.90 dated 9.10.2019 addressed to United India Insurance Company

2. We are happy to note that AIBEA has launched sustained campaign for reduction in insurance premiums in support of retirees. We convey our sincere thanks to the leadership of AIBEA for raising powerful voice in support on retirees demand. We are sure the continuous steps being taken by AIBEA will bring desired results.

3. Your attention is drawn on AIBEA circular dated 8.10.2019 wherein state federations have been asked to raise the issue of reduction in GST rates before State GST Council. You all are requested to get in touch with local leaders of AIBEA and explore possibility to become part of the campaign.

Yours Sincerely,


(S.C.JAIN)
GENERAL SECRETARY



ALL INDIA BANK EMPLOYEES' ASSOCIATION

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AIBEA/GS/2019/70

12-9-2019

To
Com S K Bandlish,
Convener
United Forum of Bank Unions
Chandigarh

Dear Comrade,

Medical insurance Policy for Retirees

You are aware that during the last round of discussions with the IBA on 29th August, 2019, while informing us of the developments regarding renewal of medical insurance policy, IBA informed us that since there is reservation on the reduction of room rent from Rs.5000 to Rs.4000 from some of the Unions, they are going to renew the policy with room rent of Rs.5000 only. Accordingly quotations have been received and the lowest quote will be accepted.

It is learnt that this year (2019-20), the premium for the retirees will go up by about 15%. For workmen retirees it will go up from Rs. 21,595 to Rs. 24,897 (including GST) and for Officer retirees it will go up from Rs. 28,792 to Rs. 33,193 (including GST).

Since such increase in premium will create hardship for the retirees, pending changes in the Scheme in the ensuing Wage revision Settlement, atleast for the retirees policy for the year 2019-20, UFBU can take up with IBA to continue the same terms and conditions for the retirees policy so that some reduction in premium is possible. Since their policy is to be renewed only from 1-11-2019 and still there is some time, we can take up this matter with IBA to see if the same can be worked out.

With greetings,

Yours comradely,

**C.H. VENKATACHALAM
GENERAL SECRETARY**



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AIBEA/GS/2019/71

12-9-2019

To
Shri S K Kakkar,
Sr. Advisor (HR & IR),
Indian Banks' Association,
Mumbai.

Dear Sir,

Renewal of Medical Insurance Policy for retired employees/officers

You are aware that the Medical Insurance Policy for retired employees/ officers will get expired as on 30-10-2019 and needs to be renewed w.e.f. 1-11-2019.

You are also aware that the premium on the Medical Insurance Policy for the retirees has been going up year after year as can be observed from the following:

Year	Retired Employees (Rs. 3 lacs)		Retired Officers (Rs. 4 lacs)	
	Without Dom/Top Up		Without Dom/Top Up	
1-11-2015 to 31-10-2016	Premium	4930	Premium	6573
	GST	690	GST	920
	Total	5620	Total	7593
1-11-2016 to 31-10-2017	Premium	10452	Premium	13935
	GST	1568	GST	2090
	Total	12020	Total	16025
1-11-2017 to 31-10-2018	Premium	10452	Premium	13935
	GST	1881	GST	2508
	Total	12333	Total	16433
1-11-2018 to 31-10-2019	Premium	18301	Premium	24400
	GST	3294	GST	4392
	Total	21595	Total	28792
1-11-2019 to 31-10-2020 PROPOSED	Premium	21099	Premium	28130
	GST	3798	GST	45063
	Total	24897	Total	33193

Thus it can be observed that the annual premium for the policy of retired workmen employees has gone up from **Rs. 5620** in 2015-16 to **Rs. 24,897** in 2019-20.

Similarly, the annual premium for the policy of retired officers has gone up from **Rs. 7593** in 2015-16 to **Rs. 33,193** in 2019-20.

Needless to elaborate or emphasise that the hike is so steep, particularly keeping in mind the fact that the pension of very old pensioners is much less. Such high premium is simply unaffordable for retirees who had retired as substaff/part time staff. Same is the case where the policy covers a single beneficiary where either the pensioner or the spouse is no more.

We had suggested quite a few suggestions like lower coverage and flexible top up, ceiling on certain treatments, reduction in room rent, etc.

In view of such increases, with a view to reduce the premium, last year the room rent/bed charge per day was restricted to Rs. 4000.

But this year, the room rent is again being kept at Rs. 5000 which has resulted in increase in the premium rates.

Keeping in mind the genuine problems faced by the retirees, we request IBA to revise the room rent/bed charge per day at Rs. 4000 as was the case in the current year policy and take such other measures which will help to reduce the premium rates for the retirees.

We seek your sympathetic consideration and suitable decision.

Thanking you,

Yours faithfully,



C.H. VENKATACHALAM
GENERAL SECRETARY

Copy to:

- **Chairman, IBA, New Delhi**
- **Chairman, Negotiation Committee, Mumbai**
- **Chief Executive, IBA, Mumbai**



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AIBEA/GS/2019/88

4-10-2019

Chief Executive,
Indian Banks' Association
Mumbai.

Medical Insurance Scheme for Retired employees/officers

We draw your attention to our earlier letter requesting the IBA to take up the matter with United India Insurance Co. for suitable modification in the scheme applicable to the retirees' policy so that the premium for the retirees can be somewhat reduced and made affordable. We are sure that the matter is receiving the active consideration of the IBA.

Since the Policy for the retirees has to be renewed from 1-11-2019 and the retirees have to submit their consent/option much before that, we take the liberty to request you to expedite the matter with UIIC.

It has been represented to us that there are quite a number of retirees who have not joined the Scheme earlier or had to discontinue the scheme in the middle due to steep increase in the premium. They are now wanting to join the scheme to be covered the medical insurance scheme. If more number of retirees join the policy, for the UIIC also, it become cost effective.

Hence we request you to take up this matter with UIIC for allowing such retirees to join/rejoin the Policy this year from 1-11-2019.

Thanking you,

Yours faithfully,

**C.H.VENKATACHALAM
GENERAL SECRETARY**



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AIBEA/GS/2019/89

7-10-2019

To
Mrs. Nirmala Sitharaman
Hon. Minister for Finance,
Govt. of India,
New Delhi.

Shri Ajay Bhushan Pandey
Revenue Secretary &
Ex-Officio Secretary to the GST Council
5th Floor, Tower II,
Jeevan Bharti Building,
Janpath Road,
Connaught Place,
New Delhi-110 001

Dr. Rajeev Ranjan,
Special Secretary,
GST Council
Office of the GST Council Secretariat
5th Floor, Tower II,
Jeevan Bharti Building, Janpath Road,
Connaught Place,
New Delhi-110 001

Respected Madam and Dear Sirs,

Representation - Request for exemption GST on premium on Group Medical Insurance Policy for Senior Citizens

In the Banking sector, for the past four years, a Group Medical Insurance Scheme is in operation both for the employees/officers who are in service, as well as for all the employees and officers who have retired from the Bank.

The premium on the Group Medical insurance Policy for the in-service employee/officers is being paid by the bank managements.

In respect of retirees, the **premium is annually paid by the concerned individual retiree** in the month of October each year when the Group Policy is renewed from November each year.

You will be well aware that GST is being levied and collected on the premium paid for the medical insurance coverage.

At present, the Bank Retirees are covered upto Rs. 3 lacs per year for the retired workmen employees and Rs. 4 lacs for the retired officer staff.

In addition, there is an option for additional top up coverage amount of Rs. 4 lacs and Rs. 5 lacs.

The retired employees are required to pay **GST @ 18 %** on the premium amount and you will kindly appreciate that the GST amount is quite a burden for these senior citizens who are getting a limited pension amount.

For example and for your ready information, we give below the premium and GST payable by the retired employees for the ensuing year November, 2019 to October, 2020.

	Premium	GST 18 %	Total
Normal coverage of Rs. 4 lacs for retired officers	Rs. 28,130	Rs. 5,063	Rs. 33,193
Including Top Up	Rs. 33,328	Rs. 5,999	Rs. 39,327
Normal coverage of Rs. 3 lacs for retired employees	Rs. 21,099	Rs. 3,798	Rs. 24,897
Including Top Up	Rs. 25,894	Rs. 4,661	Rs. 30,555

You will kindly observe and appreciate that the GST amount payable on the premium is quite substantial looking to the limited monthly pension or family pension that the retired staff/family members get every month.

Incidentally, the premium on the Retirees Group Medical Insurance Policy has been getting increased year after year and due to reasons of non-affordability, many retirees opt out of the scheme year after year at the time of renewal. They are unable to take any other mediciam policy now due to overage and hence stand uncovered.

The following Table will explain the steep increase in the premium for the Retirees in the last five years.

	Annual premium for Retired employees including GST	Annual premium for Retired Officers including GST
	Medical Insurance cover of Rs. 3 lacs	Medical Insurance cover of Rs. 4 lacs
Nov. 2015- Oct. 16	5,620	7,598
Nov. 2016- Oct. 17	12,020	16,025
Nov. 2017- Oct. 18	12,333	16,433
Nov. 2018- Oct. 19	21,595	28,792
Nov. 2019- Oct.20	24,897	33,193
Increase so far	343 %	337 %

There are more than 4.50 lacs retired employees and officers in the Banks. Out of this, we find that only about 1.50 lac retirees are subscribing to this Group Medical Insurance Scheme. In view of the repeated increase in premium year after year, the number of subscribers have dwindled sharply and more and more retirees are going out of the coverage of this well-intended scheme.

Our pleas for a portion of the premium payable by the retirees to be borne by the Bank managements have not succeeded so far. Our representation for revision of pension on a periodical basis has also not been accepted so far. Hence while their basic pension is virtually static, the annual health insurance premium has been going up.

In this background, it will of great help and relief to these retirees/senior citizens if the premium payable on the Medical Insurance Policy by the senior citizens is exempt from GST.

We urge upon you and GST Council to take a positive view in this regard.

Thanking you,

Yours faithfully,

**C.H.VENKATACHALAM
GENERAL SECRETARY**



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AIBEA/GS/2019/90

9-10-2019

**To
Chairman & Managing Director,
United India Insurance Co. Ltd.,
24, Whites Road,
Chennai-600014**

Dear Sir,

Group Medical Insurance Policy for Retirees

You are aware that arising out of the Settlement between the IBA and the Unions in the Banks, the Group Health Insurance Scheme has been introduced from the year 2015. The Scheme is applicable both for the in-service employees and officers as well as for the retirees. As you are aware, while the premium for the policy for the in-service employees is paid by the Banks, in the case of retirees, the same is paid by them.

The premium payable by the retirees has been getting increased year after year as under:

	Annual premium for Retired employees including GST	Annual premium for Retired Officers including GST
	Medical Insurance cover of Rs. 3 lacs	Medical Insurance cover of Rs. 4 lacs
Nov. 2015- Oct. 16	5,620	7,598
Nov. 2016- Oct. 17	12,020	16,025
Nov. 2017- Oct. 18	12,333	16,433
Nov. 2018- Oct. 19	21,595	28,792
Nov. 2019- Oct.20	24,897	33,193
Increase so far	3.43 times	3.37 times

When we took up the issue with the IBA, we are being informed that the hike in premium is on account of the proportionate increase the Claim Ratio.

In view of this, we have been suggesting to IBA for fine-tuning the benefits under the Policy for the retirees to some extent which will help to reduce the Claim Ratio and thus the Premium amount.

Since the Scheme is a part of our Settlement, we shall endeavour to incorporate these changes in the ensuing Settlement so that the premium can be brought down to some affordable level.

The increase in the rate of premium is so steep that many retirees who had enthusiastically joined the Scheme in the beginning have slowly opted out of the scheme since the premium is not affordable to them. Thus, a bulk of the retirees are still outside the coverage of the Scheme thus defeating the very purpose of introduction of the Scheme. Hence, it is essential to find every possible means to reduce the premium.

Herein, we learn that the Claim Ratio is being calculated based on total claim settled/paid and premium received. While the claim is settled based on the Bills received from the hospitals, it obviously includes the GST amount paid by the insurer on the hospital treatment cost. But when the insurer pays the premium + GST while renewing the Policy, we learn that only the premium paid is taken for arriving at the Claim Ratio.

To illustrate, the settled hospital bill is Rs. X + GST and the premium paid is Rs. Y + GST. The claim ratio should be arrived at by taking GST on both sides or deleted on both sides. We learn that for calculating the Claim Ratio, the GST element on premium is not being included. Thus the ratio is distorted and hence the premium also gets distorted.

We shall thank you to look into this so that the premium can be reduced to that extent.

Thanking you,

Yours faithfully,



**C.H.VENKATACHALAM
GENERAL SECRETARY**

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CIRCULAR LETTER No. 28/141/2019/25 8-10-2019

TO ALL OFFICE BEARERS, STATE FEDERATIONS

Dear Comrades,

EXEMPTION FROM GST PAYABLE ON

GROUP MEDICAL INSURANCE PREMIUM OF RETIREES

All of us are aware of the multiple problems that have arisen on account of introduction of GST even though a common and uniform tax is otherwise laudable. The Government has introduced this system in a hurry and different rates have been prescribed for different commodities. Priorities have been taxed more and non-priorities are taxed less. Less said the better about this. Because of this mess, Government has been make periodical changes in the rates applicable to different goods and services.

Unfortunately, the premium payable on Health Insurance Policy is also attracting GST and at a very high rate of 18% even though health is a priority issue. This high rate of GST is particularly hitting hard the retirees, when it comes to paying their premium on Group Medical insurance Policy.

In the name of increasing rate of Claim Ratio, the premium for the retirees has been going up every year and this high rate of GST is adding salt to the wound.

Hence we have taken up the matter with IBA who have represented to the Government to review the GST on the premium payable.

From AIBEA we have also taken up the issue with the Finance Minister who is the Chairman of GST Council and well as with the Revenue Secretary and Special Secretary to the GST Council. The letter addressed by AIBEA to them is sent herewith.

GST Council also consists of representatives of all the States. We are sending herewith the names of the GST Council members/ Representatives from different States. Our State Federations can try to meet some of them in their respective State and submit our letter to them and explain our demand so that it may help when the issue comes up for discussion in the GST Council.

With greetings,

Yours comradely,

C.H. VENKATACHALAM

GENERAL SECRETARY