



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

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

Ref: 2023/ 103

28.09.2023

FORMAL REPRESENTATION ON GRIEVANCES OF BANK RETIREES
ON GROUP MEDICAL INSURANCE FOR RETIREES FOR CONSIDERATION
AS AGREED BY PARTIES IN CONCILIATION PROCEEDINGS OF 25.09.2023
HELD AT CLC (C), NEW DELHI

The Secretary
Department of Financial Services,
Government of India, New Delhi

Kind Attention: Shri. V.S. Tiwari, Under Secretary, DFS

Respected Sir,

Re: Dispute of Grievances of lakhs of bank retirees in the matter of Group Medical Insurance Scheme administered and managed by Indian Banks' Association as Nodal Agency & other retiree issues.

Re: CLC Ref No: F. No. 10 (20/2022-IR)

We wish to invite your kind attention on minutes dated 25.09.2023 circulated by Chief Labour Commissioner (Central) on the joint meeting convened by CLC on the representation submitted by our organization on the above subject. In the said meeting, Department of Financial Services (DFS) was represented by Shri V. S. Tiwari, Under Secretary along with IBA representative, Shri Brajeshwar Sharma, Senior Advisor (HR). The Joint meeting was presided by Chief Labour Commissioner (Central) cum Conciliation Officer under ID Act, 1947. At the conclusion of the meeting, as agreed by all parties, CLC advised as under:

"After prolonged discussion, the CLC (C) advised IBA & DFS to take consideration on the grievances of retired employees and give reasonable opportunity to be heard. The representation and suggestion given by union/ association for rationalization of the premium of the health insurance and other matter may also be considered positively while taking any decision in the benefits of retired employees. After due satisfaction of both parties, the matter stands closed and resolved"

2. Accordingly, we below submit our representation on the subject for your kind consideration:

- All India Bank Retirees' Federation (AIBRF) is apex level organization of bank retirees, formed in 1995, registered under Trade Union Act, 1926. It presently represents retirees from 24 banks. Our present membership is more than 2.5 lakhs.
- Indian Banks' Association (IBA) introduced Group Medical Insurance Scheme for employees under bipartite settlement dated 25.05.2015. As per the provisions made in the said settlement, it was extended on the same terms and conditions to the retirees, as welfare measure as per the guidelines given by DFS in

2012. Uniform rates of premium were fixed for employees and retirees during first three years namely 2015-16, 2016-17 and 2017-18 as per provisions of the settlement. However, from fourth year onwards, IBA started fixing separate premium rates for the employees and retirees as under requiring retirees to pay much higher premium compared to employees in violation of provisions of the settlement dated 25.05.2015

YEAR	EMPLOYEES	RETIRES	DIFFERENCE	EMPLOYEES	RETIRES	DIFFERENCE
	(Sum Assured Rs. 3 Lakhs)			(Sum Assured Rs. 4 Lakhs)		
2015-16	5670	5670	Nil	7559	7559	Nil
2016-17	12020	12020	Nil	16025	16025	Nil
2017-18	12333	12333	Nil	16443	16443	Nil
2018-19	13703	21595	7892	18270	28792	10522
2019-20	15601	24897	9296	20800	32264	11464
2020-21	15164	24199	9035	20217	32264	12047
2021-22	19730	33884	14154	26060	43429	17369
2022-23	23335	41334	17999	32658	57808	25150
2023-24	27068	53613	26545	37882	77373	39491

From the above table, it can be seen that the retirees were, in violation of the settlement provisions, required to pay much higher than the rates charged to banks for employees. Premium rates for employees have gone up by only about **377 per cent in last 8 years** while in case of retirees, during the corresponding period, rates have gone up by **as high as 845 per cent**. It may be interesting to note that as per provisions of the settlement in case of employees, insurance coverage is extended to employees for following persons (a) employee-self (b) spouse (c) dependent children(e) Widowed/divorced daughters (f)Widowed/ separate sisters (g)physically challenged brothers and sisters (h) dependent parents without age limit (e)dependent parent-in-law without age bar. Employees are also eligible for domiciliary facility for entire amount and also benefit of corporate buffer. With such wide coverages available to employees, premium rates continue to be lower for them year after year. However, in case of retirees, insurance cover is restricted to two persons only (a) Retiree- self and (b) spouse. Domiciliary benefit is not available to them and they are kept out of corporate buffer benefit. But they are charged much higher than employees and much higher increase year after year. **It is our humble request to IBA that it should share the relevant data/ information with the beneficiary to make the scheme more transparent and creditable.**

(C) On overcharging to retirees as above, in violation of the terms of the settlement dated 25.05.2015, AIBRF submitted representation no. 2022/673 dated 27.09.2022 to Chief Labour Commissioner Office in September 2022 having failed to get any response from IBA for 4 years on several representations submitted to them from time to time. After several round of Joint meeting convened to resolve the issue during last one year, as agreed by all parties, **CLC has now advised us to approach to your office for redressal of this grievance as per the minutes of joint meeting dated 25.09.2023.** In compliance of CLC advise we are submitting this representation to you with the request to consider the points raised by us in it and advise your response on them.

(d) It may be brought to your kind notice that during pendency of our grievance before CLC in the above matter, IBA signed MOU dated 19.07.2023 with Bank Unions separating retiree policy from employee policy apparently in an attempt to legalize their action of overcharging retirees for last 6 years. However, because of this act of IBA, retirees have been put to highly disadvantageous position and consequence of this act is that this year in the case of top up policy premium rates for retirees, premium rates have gone from 700 per cent to 800 per cent in one stroke. We have placed data in this respect with comparison table to show unbelievable increase in premium rates in one year. As per the information available to us in the history of health insurance in this country, increase in premium of this magnitude in single year has never happened in the past. Further the target group is bank retirees who deserves sympathetic consideration and support as welfare measure to enable them to have dignified healthy retiree life.

(f) The MOU dated 19.07.2023 was very quickly implemented with immediate effect without giving any notice and adequate time for withdrawal of facility of uniform rates for employees and retirees. The premium rates were hiked in one go by 400 to 700 per cent in the name of commercial consideration saying complete goodbye to welfare element principally for which this scheme was extended to retirees. It was expected that in all fairness, sufficient time and notice should have been given to the beneficiaries who are retirees and belong to highly venerable class and also opportunity should have been given to them to place their views on it. But signatories have kept it as top secret and suddenly announced from next day started taking steps to implement it. Because of this completely unbelievable and sudden act of IBA, **about 5 lakhs retirees are under utter shock and do not know how to manage their health issues.**

(g) We blow give the premium rates for next renewal for 2023-2024 showing that unbelievable hike in premium rates has been approved for retirees by IBA. **This increase has completely broken Financial back bone of bank retirees.**

Sum Assured	Top Policy Rates		Quantum Increase	Percentage
(Sum Assured)	last year	This year		
Rs. 100000	3730	23016	19286	517%
Rs. 200000	6261	50919	44658	713%
Rs. 300000	9639	58014	48375	501%
Rs. 400000	12475	60860	48385	387%
Rs. 500000	15180	70078	54898	361%

It may kindly be noted the above increase in premium rates are without any additional benefits offered in top up policy this year compared to last year. It also looks very surprising and unbelievable that despite quoting such high rates of premium, successful bidder, National Insurance Company Limited turned out to be L1 and finally contract was awarded to them. This could be ensured by incorporating some specific and dedicated clauses in tender document. How far these clauses will stand valid before scrutiny of law need to be seen.

- (h) This abnormal and unprecedented increase has taken place this year due to the various clauses added in the tender document by IBA inviting tenders for retiree policy. **You will kindly find that these clauses were not in conformity to the CVC guidelines** and also against normal norms of commercial and corporate prudence. In this connection, your kind attention is drawn clause of **“commercial Bid”** incorporated in REP document circulated by IBA while inviting tenders for retiree policy for 2023-24. It reads as under

“Commercial Bid

Bidders qualifying in the technical bid would be asked to participate in the commercial bidding process. There would be three separate commercial bidding process for three group medical policies

- a. For serving employees**
- b. For Retired employees without Domiciliary Treatment**
- c. For Retired Employees with domiciliary Treatment**
- d. Top-up policy for Retirees**

It is compulsory for bidders to bid for all four (a, b, c, & d) policies. L1 will be decided based on the overall lowest cost of a, b and c only.”

It may be mentioned that premium payable as can be seen from the above rates on top-up policy covered under category “d” was kept outside purview of L1. Top up policy rates approved by IBA constitutes almost 60 per cent of total premium payable by retirees. But IBA kept this portion out of L1 requirement. It is clear from the document that this clause has been incorporated consciously and definitely and also must be with some specific purpose. In normal course, the logical purpose for keeping “d” outside purview of L1 should be logically only one that to ensure lower rates for the retirees. But finally, it has resulted in to the following:

- (i) Successful bidder, National Insurance Company Limited though quoted abnormally high premium for 60 per cent value could manage to become L1 by little bit quoting
 - (ii) It is not in conformity of CVC guidelines.
 - (iii) No explanation is given in any of the documents by IBA for keeping 60 per cent of the value out of purview of L1 and then what purpose has been served by restricting 60 values outside purview of L1 has not been explained anywhere.
 - (iv) It has put unwarranted and undue burden on lakhs of retirees who are senior citizens and highly venerable.
 - (v) In view of the above apparent lacuna noticed, it can not be said that it is the tender meeting all requirements of the standard procedure laid down in this regard and has become questionable.
- (i) IBA has not published claim ratio incurred for retirees for last year, 2022-23. But we have come to know that claim ratio for retiree comes to 136%. If our information is correct, then such high increase in premium rates approved by IBA cannot be justified under any parameter. It may be stated that IBA is in

practice to announce claim ratio of previous year while announcing rates for next year. But this year, surprisingly, it has maintained silence in this regard. **IBA may be asked to immediately announce claim ratio justifying high rates approved by it.**

- (j) It may be mentioned that this year many insurance companies of repute and belonging to public sector are quoting much lower rates of premium for super top policy for retirees with almost similar terms and conditions. **National Insurance Company Limited has quoted and approved by IBA premium of Rs. 70078 while SBI General Insurance is offering 5 lakhs Super Top policy this year in about Rs. 15500 (at one fourth price), New India is offering 5 lakhs top policy this year in Rs. 12000/-** These are ground realities. **It was expected from IBA while negotiating with L1 these quotes should have been taken in to account before approving rates of national Insurance Company. But it appears that it has not been done and whatever rate quoted by National Insurance Company for top up which was kept outside purview of L1 were approved.**
- (k) We find that while deciding above important issues for retirees, at no stage retiree representatives were given opportunity to present their stand on them, in particular when it was dealing with issue of retiree policy which is exclusively designed for retirees and to be completely funded by retirees. It is known to IBA that bank retirees have organized themselves independently and after retirement they do not remain members of in-service unions. However, IBA takes stand that Unions represent retirees as stated in its communications. What is the basis for IBA to reach to this conclusion? We request IBA to advise us.
- (L) Lakhs of retirees are now under great shock and anger because of inept handling the matter and fixing very high rates of premium which can not be justified and have been approved by adopting irregular and non-transparent procedure. It has made future life of the retirees which include aged man of 80 years, pre- 1986 retirees, family pensioners uncertain. They expect justice from the government and expect that immediately matter should be investigated and justice should be provided to them for which this government is known among rank and file.
- (m) It is stated in IBA circular issued announcing rates of premium that the policy over above base policy will be Top up one. IBA is requested to clarify that in fact, it has all features of Super Top policy and in fact it is Super Top Up only.

3. We offer the following suggestions for your kind consideration

SUGGESTIONS FROM AIBRF:

- (a) **The tender procedure followed by IBA should be critically examined by DFS immediately.**
- (b) **In order to deliver justice to elderly people and to make their life safe and worry free and also in fairness to ensure model corporate governance and to maintain dignity of law, the Tender approved by IBA should be scrapped.**
- (c) Fresh tender should be floated after observing all norms specified under the law and as per provisions of settlement dated 25.05.2015.
- (d) In case it involves some time period, the IBA may be asked to take steps to extend existing policy for next 6 months.

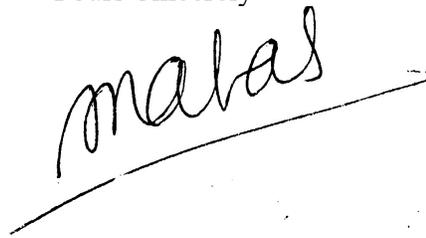
(e) Suitable forum may be established at IBA providing window to retirees to place their views on various issues connecting to the retirees. It is need of the time and will avoid several disputes.

4. We humbly request you to give personal hearing as advised by CLC and as agreed by all parties in the joint meeting of 25.09.2023 so we may further explain the factual position in support of our above statements and also provide documents if needed to prove our point of view.

5. We are endorsing copy of this representation to IBA for their kind consideration and with request to them to give personal hearing in the matter to AIBRF representatives.

With Respectful Regards,

Yours Sincerely

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

(S. C. JAIN)
GENERAL SECRETARY

C. C. to

Shri Brajeshwar Sharma
Senior Advisor
Indian Banks' Association
Mumbai

For your kind consideration and response.