



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
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Ref. GS: No..

26th November 2017

Dear Comrades,

We are pleased to forward the Letter written by the Convenors of Coordination of Bank Pensioners and Retirees Organisations (CBPRO) to the Chief Executive of Indian Banks Association on Group Medclaim of Retirees. The letter is self explanatory.

This is being circulated for the kind information of all our members and friends.

Yours Comradely,

(N. GOVINDRAJULU)
GENERAL SECRETARY

Encl: A/a

COPY OF CBPRO'S LETTER DT. 09.11.2017 TO IBA ON GROUP MEDICLAIM OF RETIREES

Respected Sir,

Subject: IBA Group Health Insurance(Retirees) Policy No:500100/ 2817 /P000000005

The Indian Bank's Association signed a settlement with United Forum of Bank Unions (UFBU) for introduction of Group Health Insurance policy for retirees w.e.f 01.11.2015. Such an arrangement was also in deference to the guidelines issued by the Dept of Financial Services, Govt of India vide letter no F 14/7/92-IR (Vol-II) dated 24th Feb, 2012 advising for formulating uniform Medical Insurance scheme for both serving and retired employees. There are several inconsistencies in the scheme right from its introduction and exploitation of Retired Employees still continues. Some of the objectionable aspects of the Group Health Insurance Scheme are as follows:

1. The above mentioned letter of Dept of Financial Services to IBA was devoid of any instructions for the retirees to bear the burden of premium .The Banks while bearing the premium for serving employees chose to pass on the burden of premium to the retired employees.
2. The premium was unilaterally decided by the insurance company at Rs.7500/- for a cover of Rs4.00 lacs for Officers and Rs5625/- for a cover of Rs3.00 lacs for award staff.
3. The scheme was introduced to cover the risk from 01.11.2015 and the first policy was valid up to 31.10.2016 (12 months). However in some banks the cover commenced from 01.12.2015 up to 31.10.2016 (11 Months). In as much as the premium charged from the retirees of all the banks was the same amount, the reduced period from 12 to 11 months tantamounted to charging premium for one (1) extra month for same amount of coverage. We understand that the bank did not issue the circular to its retirees in time thus not affording adequate time to the retirees to remit premium and hence the date of commencement was deferred from 01.11.2015 to 01.12.2016. Such a treatment to helpless retirees is unethical, unfair and illegal to say the least. Similar thing is sought to be repeated this year again in case of those retirees who could not remit the premium during the month of October, 2017 for reasons beyond their control. The main reason for delayed payment of premium include late issuance of circular, lack of intimation to retirees, family pensioners not being informed or not having basic education to understand the procedure etc. The banks have given extended time for payment of premium during the month of November, 2017 with a rider that the health cover in such cases would commence from 01.12.2017 and will remain in force up to 31.10.2018 i.e. for a period of 11 months instead

of 12 months. It is a normal practice for the insurance cover to commence from the date of payment of the premium by the insured if there is a delay in the payment by the stipulated date.

4. The insurance premium which was Rs 7500/- for a cover of Rs. 4.00lacs was steeply enhanced to Rs20010/- for the year 2016-17 with OPD facility on the reported pretext of the claim ratio being high. It was again a unilateral decision by United India insurance company and this burden was also coolly passed on by the bank to the retirees. The insurance company has yet again enhanced the premium with the facility of OPD to the extent of 10% of the insured sum from Rs 20010/- to Rs 36998/-. We understand that the insurance company which introduced the scheme at a penetrating premium of Rs7500/- has enhanced it by about 5 times on its second renewal. It leaves us to guess about the sanctity of the methodology of computing premium by the insurance company.

5. An analysis of the premiums charged for OPD facility would reveal that for a cover of Rs 40000/- in case of officers and Rs30000/- in case of award staff comes to Rs22199/- and Rs16650/- respectively. It can be seen that the exclusive premium for OPD facility works out to 55.5% of the sum insured under this facility. It is hard to believe that health insurance premium could be as high as 55.5% for the OPD cover of Rs.40000/- & Rs.30000/-. This also further compounds the problem with the reduction of OPD component to Rs.3.60 lacs and Rs 2.70 lacs for officers & award staff respectively.

6. The introduction of super top up policy for the current year is a welcome feature but UIIC has further enhanced the total cost of insurance to Rs40804/- for retired officers and Rs31261/- for retired award staff. These rates of premium are on very high side and since it is passed on to the retirees the banks and IBA are keeping silence.

7. The insurance company has as often repudiated the claim of the retirees on flimsy grounds. The latest example is a case of CHOROIDAL NEO VASCULAR MEMBRANE. The reason for repudiating this claim has been cited as – CASHLESS HOSPITALISATION IS DENIED. AS PER REVISED UIIC POLICY EXCLUSION 4.19, TREATMENT FOR AGE RELATED MASCULAR DEGENERATION. It is beyond comprehension as to how an insurance company can repudiate its liability under the policy on such a pretext when surgery like knee replacement, also being an age related degeneration is admissible. It is common understanding that the insurance company providing the health insurance to the bank retirees irrespective of their age and charging exorbitant premium could take such a stance to repudiate its liability by terming the disease as age related degeneration excluded under the policy. It is pertinent that neither the insurance company nor the bank favour the retirees with the copy of the health insurance policy to help them to familiarise with such obnoxious clauses to their peril.

8. MD India (Third Party Agent) who is authorised to dispose of the claims of the retirees has been taking unduly long time extending to even 6 months for settling/declining the claim of the insured members. It creates avoidable financial hardship to the retirees.

9. The policy provides a cover for the retiree and its spouse. There are cases of only single person being covered in case of death of spouse, family pensioners etc. They are charged the same amount of premium as applicable to cover for two persons if there is a surviving spouse. It is unfair to such insured. The premium rates being as high as Rs40804/- becomes well neigh

impossible for a family pensioner to bear out of the family pension which could be as low as Rs5000/-(including DA) per month.

10. There are some cases where the retiree has got a mentally challenged child fully dependent on him or her for the entire life but no coverage is available in such cases. When the Government treats such cases distinctly even for the purposes of giving income tax exemption for the medical expenses incurred, United India Insurance Company being a government owned company not providing cover in such deserving cases, needs rationalisation. Similarly there are surviving minors/unmarried/unemployed children of the retiree /spouse and the policy excludes them too despite the fact that they form part of most deserving cases.

In view of the foregoing inconsistencies, it is requested that the health insurance scheme for Bank retirees should be rationalised as under:

- a. The insurance premium should be borne by the bank in accordance with the spirit of the government communication dated 24thFebruary, 2012 addressed to IBA.
- b. The practice of resorting to broken period for the purposes of commencement of renewed policy and restricting the same for 11 months be done away with.
- c. There should not be any exclusion on account of age related degeneration and the claim already rejected should be passed.
- d. The scope of coverage should be enlarged to include the suggested categories like mentally retarded children, minor, unmarried, unemployed children etc.
- e. The premium for family pensioners / single person be halved.
- f. OPD facility, should be over and above the original sum assured as a huge amount of premium is levied.

Thanking You,

Yours Faithfully

A. Ramesh Babu
Joint Conveners

K.V. Acharya