

THE CANARA BANK OFFICERS' ASSOCIATION (Regd.)

Registered under Trade Unions Act, 1926 at Mumbai.
(Affiliated to AIBOC & AINBOF)



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Ref : CBOA/CHN/AUG/INS/2018

Date : 27.08.2018

TO

The Managing Director & CEO
Canara Bank
Head Office
112 JC Road
BENGALURU

Respected Sir,

Sub: IBA Medical Insurance Scheme - Group Health Insurance Policy for Employees / Retirees - Renewal

Ref: 1. IBA Lr. HR&IR/BRK/2018-19/MED INS5702 dt.18.8.2018 addressed to our Bank
2. Our letter dated 10.8.2016 to MD & CEO

The subject scheme came into effect from 2015 after the Tenth Bipartite by way of Joint Note dated 25.05.2015. However, in the last three years there lead insurer has raised the premium amount twice under various reasons and there has been a considerable increase in the premium. **With the renewal of the policy due shortly, the insurance companies have again proposed a step increase in the premium payable for 2018-19.**

The United India Insurance Company, the lead insurer has increased the base premium of employees' policy by around 29% and for retirees' policy without domiciliary by around 110% and with domiciliary by around 144% from the existing premiums being paid now. Further, despite IBA taking up with the insurers for reconsideration of the premium couple of times, M/s.United India Insurance Company (UIIC), has shown their inability to consider the

same. The quotes given by other insurers like M/s.New India Assurance and M/s.SBI General Insurance also higher than the rate quoted by M/s. UIIC.

It is also understood that they have also not acceded to IBA's request for extending the policies upto 31.12.2018 on existing premium.

We understand that IBA has also sought the views Banks' observations and response on this issue vide their letter cited (1).

We hereby furnish our observations on the matter for your consideration.

1. The monies settled by way of claims is for the benefit of the Bank employees there is no reason to route it through insurance companies, as they will definitely settle lesser amount as claim settlement of the employees after providing for their profit as well as that of the Third Party Administrators.
2. The premium amount has to be paid by the Bank in advance to the insurance companies at the beginning of the year itself while the claims of the employees are staggered over the year and settled as and when there is a claim.
3. Even after paying such an exorbitant premium, Banks have been forced to provide additional buffer every year out of their hard earned profits and are also made to bear the expenses over and above the buffer too.
4. In the last three years though Medical expenses have increased multifold the insurance companies have not bothered to increase the Sum Assured which has remained constant. However, the Insurance Companies have been uncompromising in increasing the premium tremendously (as admitted by IBA).
5. The increase in premium is obviously resorted to by the insurance companies to ensure that their profit remains intact not bothering that it comes at the cost of banking industry and individual bankers.

6. Further, we furnish below the details of premium paid and claim settled during the last 3 years in our Bank.

(Rs. in Crores)

	For the year 2015-16	For the year 2016-17	For the year 2017-18 (till 31.7.18)	Proposed: For the year 2018-19 - with 29% increase
No. of Employees	33000	32000	31000	
No. of Offices	27200	30900	29600	
Premium Paid	35.75	80.03	86.34	111.38
No. of Claims	44800	52000	43400	
Amount of claim	64.80	84.55	72.77	
Corporate Buffer	3.53	6.86	5.19	
Total Claims	68.33	91.41	77.96	

7. The spirit of the Department of Financial Services' communication to IBA and Banks to design a suitable insurance scheme to both retired and service should be interpreted that it is a direction to extend such benefits to staff till their life time. As such viewing retired officers / employees as a separate lot and collecting more premium from them, amounts to exploitation. Instead this should be considered as an extended benefit to the retired employees / officers who have put in their heart and soul for the development of the Bank.
8. Hence, it would be more prudent, logical, legal to view the entire bank employees as one lot and calculate the premium by carrying out an actuarial analysis instead of treating the serving and retired as different group.
9. Also, with more than two third of the our bank's workforce in the age group of below 35 years, which was not so at the time of introduction of the subject scheme, the premium is bound to come down and there will be parity in the premium charged for serving employees and the retired employees.
10. The Joint Note signed between IBA and Officer Organisations dated 20.05.2015, explicitly states that

“While reimbursement to the officers / employees shall be made by the Banks as hitherto, the Scheme shall be administered by the Banks through a scheme worked out between IBA/Banks and Insurance companies and officers / employees would in no way be directly bound by the terms and conditions of such scheme or arrangements.

However, for the purpose of clarity and information, the details of the Scheme worked out between IBA/Banks and insurance companies is appended herein as Appendix I & II”

It may be inferred from the above said paragraphs that the spirit and scope of the newly designed hospitalisation scheme is

- # To extend better coverage for the officers and dependents.
- # To reimburse the expenditures to the fullest extent which was having restriction till such time.
- # Fullest reimbursement in the case of domiciliary hospitalisation and treatment to the officers and their dependents.
- # The arrangement / agreement is to be between the banks and insurance companies only and the officers will not be bound by the terms and conditions of such scheme or arrangements.
- # The purpose of the Annexure IV to the joint note is for the purpose of clarity and information only.
- # **Scheme would not supersede the continuation of any bank-level arrangement or scheme providing for reimbursement of medical expenses, which is not covered herein, that may be in operation in any Bank.**

11. It is amply clear from the above that officers and employees will be getting the fullest demand as it was happening till signing of that Joint Note and this arrangement is meant to be between IBA / Bank and Insurance Companies.

In view of the above we request you to thoroughly assess the premium paid and claim settled (by Insurance Company as well as the Bank) during the past 3 years and the impact due to the proposed increase and its consequence before corresponding with IBA.

- We demand for reintroduction of the earlier hospitalization scheme and implementation of the **scheme by the Bank itself** as the scheme is intended to help our employees in times of their distress and it should be viewed in a benevolent manner
- Bank shall come out of the IBA's Medical Insurance Scheme as the above benevolence and essence is lost in their scheme. The prime agenda of the Insurance Companies is maximizing their profit, which is quite normal for any business entity. This is evident from two major aspects. High rejection of claims even on flimsiest of grounds and Increasing the Premium heftily, year after year without any increase in the eligible claim.

ALTERNATIVELY,

- State Bank of India has not subscribed to the subject scheme and they are implementing their own Medical Insurance Scheme which may also be implemented in our Bank too.
- The premium shall be same to the retired staff with / without domiciliary treatment as in the case of serving employees and the prospect of bearing the premium by the Bank may also be explored.

Yours sincerely



**G V MANIMARAN
GENERAL SECRETARY**