

**COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS
AND
ALL INDIA BANK RETIREES' FEDERATION**

J-208, Vijay Rattan Vihar, Sector-15, Part II, Gurgaon-122001

Tel: 01244270198 Mob: 9868220338

Dated: 23.08.2018

Shri Sanjeev K Bandlish
Convenor, UFBU
General Secretary, NCBE
C/o SBI, LHO,
Chandigarh 160017

Dear Com. Bandlish,

Medical Insurance Scheme for Bank Retirees

We are thankful for your kind gesture of inviting us to share our views on the Medical Insurance for retirees that is causing lot of anxiety to all Pensioners & Retirees in view of the proposed steep hike in the premium reportedly due to high claim ratio. We could not meet you though we very much wanted to due to delay caused in your arrival to Mumbai. However you would have been apprised about the discussions by Com. C.H. Venkatachalam and Com. Soumya Datta. We are hopeful meeting you soon. Indeed the Medical Insurance Scheme that has come as a path breaking health care scheme for the Bank Pensioners & Retirees in the last Bi-Partite settlement is now under threat due to exorbitant increase in the premium. We are pleased with the concern you have shown to bring about a solution to this vexed issue in spite of the banks' attempts to cite pressure on their balance sheet as a reason to deny relief from the drastic increase in the premium.

We understand that the IBA appointed a negotiation committee who will be meeting the UIIC At Chennai on 29th August, 2018 to discuss the issue of Medical Insurance Premium to find out ways and means to implement the suggestions made by UFBU regarding making the Insurance Premium affordable to the Pensioners & Retirees. In this regard we wish to give our suggestions to you so that the same may be used when you take up the matter with IBA & UIIC.

As retirees we are not able to verify the high claim ratio projected by the insurance company though we are still puzzled that the claim ratio of retirees is far higher than serving employees when retirees have cover only for self and for spouse if alive while for serving employees it covers self, spouse, children and also parents who would all be as old as the retirees themselves. But time at our disposal is too short to dispute the data to obtain justice. We are with you on this aspect that the best way forward is to find a solution that is acceptable to the retirees and saleable by the UFBU to the IBA.

In the light of steep hike in premium the only alternative is to reduce the cover so that retirees have some insurance cover than going without any cover. But there may be retirees who would not mind paying higher premium to have the same cover as in the past. Retirees also prefer that the quantum cover is left to their option and not linked to their cadre. Retirees also have grievances over the top up policy because of its exclusion of many things that are covered in the basic policy resulting in many

COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS AND ALL INDIA BANK RETIREES' FEDERATION

J-208, Vijay Rattan Vihar, Sector-15, Part II, Gurgaon-122001

Tel: 01244270198 Mob: 9868220338

retirees not getting additional cover promised in the top up policy. So the top up policy should really be a super top up policy identical to basic policy in its cover. It is also seen that the main reason for high claim is the domiciliary treatment and also the extra premium payable for domiciliary treatment far exceeds the permissible extent of annual domiciliary expenses making the extra premium unreasonable and the domiciliary cover a myth. As the quote is given directly by the Insurance Company, avoiding the huge broker cost and the saving can therefore be shared with the retirees. The insurance company should also pass on the benefit of interest earned on upfront payment to the retirees while pricing their Group policy. Hence we make the following suggestions.

1. To reduce the claim ratio, it is better **to combine insurance of both serving employees and retirees** so that the claim gets averaged would not be unfavourable to the retirees requiring further hike in future.
2. The scheme should be made affordable to the Retirees so that more number of Retirees opt for the Medical Insurance scheme resulting in increased collection of premium which helps in reducing the claim ratio.
3. IBA shall instruct **banks to uniformly bear fully the cost of insurance premium or to at least bear uniformly substantial portion of insurance premium** to alleviate the pecuniary strain on the retirees as the premium amount ranges between 2 and 6 months of their pension making it beyond the reach of the retirees. The question of premium shall not be left to the discretion of individual banks who can be authorized only to improve upon the IBA improved scheme.
4. To bring all retirees under some insurance cover it is suggested to have three slabs each for **basic policy and top up policy offering basic cover of Rs.2lakh, 3 lakh and Rs.4 lakh and top up cover of Rs.3 lakh, 4 lakh and Rs.5 lakh. Giving the option to Retirees irrespective of their cadre**
5. There shall be **no domiciliary cover**.
6. There shall be a **ceiling on room charges/bed charges that will help in reducing proportionately the whole cost of hospitalization** which is directly proportional to the rent of the ward room as per the practice in vogue.
7. Pension being a deferred wage for the past service rendered by the Retirees during their service period in the Bank, the cost of premium should be charged to the P&L account as is being done in the case of serving employees before arriving at the net profit.

**COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS
AND
ALL INDIA BANK RETIREES' FEDERATION**

J-208, Vijay Rattan Vihar, Sector-15, Part II, Gurgaon-122001

Tel: 01244270198 Mob: 9868220338

We have shown in annexe the rationale and legitimacy behind our request which you will all appreciate. Once again, we thank you for your responsiveness and being sensitive to our issues. While we request you and the entire leadership of UFBU to resolve the medical insurance issue we also exhort you to resolve all our other pending issues, most of which form part of Pension Regulations or earlier bipartite settlements.

While we are always with you in your struggle for a meaningful wage revision, we wish you early success.

Thanks and regards

Yours Comradely,



(A. Ramesh Babu) (K.V. Acharya)
Joint Conveners, CBPRO



(S.C. Jain)
General Secretary, AIBRF

Encl: Annexe

**COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS
AND
ALL INDIA BANK RETIREES' FEDERATION**

J-208, Vijay Rattan Vihar, Sector-15, Part II, Gurgaon-122001

Tel: 01244270198 Mob: 9868220338

Annexe

Medical Insurance Scheme for Bank Pensioners & Retirees

1) Retirees mostly pensioners are already without vital terminal benefits viz- pension updation, 100% DA neutralization and improved family pension without ceilings available to govt. retirees & RBI retirees.

2) **Retirees at least expect the banks to take care of their medical needs.** Banks cannot speak of profits where their intervention may mean the difference between life and death to many retirees (or their spouses) who have worked 30-40 years for the bank.

3) Banks cannot plead inadequacy of funds when the top board level executives themselves are getting post retirement unlimited medical cover for both self and spouse. Board level executives having worked for mere one or two years would get unlimited cover from the bank whose own employees who worked for decades would get nothing.

4) While Government made no distinction between employees in service and retirees in its advice to IBA asking Banks to extend medical cover to them, It is IBA which brought this distinction leaving the fate of the retirees to individual banks where barring a couple of banks none extended any help to the retirees. Even the financial assistance extended by the few banks was more symbolic than substantial.

5) When our country has no worthwhile public health care system and no social security for old age, the banks cannot leave the retirees in the lurch.

6) Medical expenses reimbursement is computed as cost to company which means forming part of wages. Pension is considered as deferred wage. So medical expenses reimbursement too should be considered as part of wage for retirees and the bank has to reimburse to them. The banks cannot have different yardsticks for board level employees and other employees.

7) Having allured the retirees with a low premium to start with and partial financial assistance, they were shocked by the last year's hike when every bank refused to share the burden, making many pensioners and almost all family pensioners to discontinue their membership for want of money and leave their future to fate. In the process, many retirees who discontinued their previous medical insurance to join IBA

COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS AND ALL INDIA BANK RETIREES' FEDERATION

J-208, Vijay Rattan Vihar, Sector-15, Part II, Gurgaon-122001

Tel: 01244270198 Mob: 9868220338

scheme, could not continue with IBA scheme if the hike is going to be as advised by the Insurance company nor could go back to their old scheme because of age bar and pre-existing disease bar. This breach of contract by IBA/insurance company is nothing but deficiency of service warranting damages and compensation apart from specific performance.

8) UFBU deserves praise for the second option for pension. But UFBU as negotiators of terminal benefits should also acknowledge that they have a duty to the retirees and right from the commencement of pension in 1995 (effective from 1/1/86), every settlement witnessed some improvement or removal of past anomalies favoring the retirees. Only the last settlement (10th Bipartite settlement) yielded nothing for retirees except for devising a medical insurance scheme and an assurance in a Record Note. It is high time the assurance in the Record got translated into reality.

9) We are not in favour of individual banks introducing their insurance schemes with insurance companies of their choice because when the question of meeting insurance cost was left to individual banks, no bank acted with conscience or reason.

Nor are we in favour of retirees' organizations entering into agreements with any insurance company because we legitimately apprehend that these companies will lure with rock bottom premium only to hike it next year when we will have the doors closed by IBA to get IBA re-commence the scheme.

10) If banks are made to contribute out of operating profit instead of net profit by making medical insurance expenses **as a charge on profit** like wages **instead of being an appropriation out of net profit**, then all banks can easily meet the insurance cost of both serving employees and retirees. Retirees and employees are responsible for the operating profit while the steep decline in net profit is due to the mismanagement (sometimes even corrupt) of the top for which the top should be punished and not the other employees and retirees. The top who created the mess are rewarded with unlimited post retirement medical cover for self and spouse while others who created wealth for the banks are punished to go without medical insurance cover.

11) UFBU is expected to be firm on the issue of Medical insurance for retirees and get a good relief for them by making the banks share fully or substantially the existing premium and fully any additional premium and the retiree shall make a month's salary (if not already made under any bank specific scheme) as their contribution to a corpus for this purpose and bank shall build up this corpus with adequate contribution to pay

**COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS
AND
ALL INDIA BANK RETIREES' FEDERATION**

J-208, Vijay Rattan Vihar, Sector-15, Part II, Gurgaon-122001

Tel: 01244270198 Mob: 9868220338

the medical insurance premium every year for the retirees. We request UFBU not to allow IBA to approach the issue of Medical insurance as a cost issue. If the IBA and the government can act swiftly to amend the Anti-corruption Act to give protection to the top management though they alone destroyed the banks, the IBA and the government cannot refuse to protect the retirees who built up the banks. Again we request UFBU to take a stand that medical insurance for retirees is non-negotiable and cannot be linked to cost and profits of banks.
