



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/ 098

18.09.2023

The Chief Labour Commissioner (Central)
Ministry of Labour & Employment
Government of India, New Delhi

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

We request reference to the minutes of the meeting held in your office on 04.09.2023 in the above referred matter. IBA and DFS representatives were not present in the meeting for personal reasons. However, copy of the letter No. HR & IR/ GOVT/Q/2023-24/ dated 18.08.2023 submitted by IBA was handed over to us in the meeting for our comments and response to be placed in the next joint meeting fixed on 25.09.2023.

2. We below humbly submit our response on the above referred letter of IBA and on the basic grievances raised by AIBRF on group medical insurance scheme for retirees and overall outcome/ developments on them in 6 joint meetings held in this regard so far:

(a) Violation of Provisions of the settlement dated 25.05.2015 on Group Insurance Scheme for Retirees:

The basic grievance raised by AIBRF in the representation No. 2022/73 dated 27.09.2022 submitted to you as grievance of retirees for conciliation was continuous violation of relevant provisions of the bipartite settlement dated 25.05.2015 in fixing premium rates for retirees. The scheme was introduced for retirees effective from 1.11.2015 along with insurance scheme for employees on the same terms and conditions as welfare measure. Accordingly, for the first 3 years i.e., 2015-2016, 2016-2017 and 2017-2018 premium rates were identical & uniform both for employees and retirees despite having different claim ratios for these two groups which is natural and goes without saying. However, from 2018-2019 onwards, IBA started fixing separate rates of premium for employees and retirees' policy and rates fixed for retirees from 2018-2019 onwards were much higher than employees' policy which were completely and grossly in contravention of the provisions of the settlement signed and based on which retirees opted for IBA scheme. As mentioned in our representation No.2023/020 dated 11.03.2023 addressed to your office, in 2022-2023, while employees in case of award staff, premium fixed was Rs. 19775, the retirees from this group were charged Rs. 35029. In case of officer staff in service, premium rates were fixed at Rs. 27676 while retiree officers were required to pay Rs. 48990/- for the same assured sum. In this way , retirees were required to pay on average about Rs. 18000 per person higher premium compared to in service employees for the same sum assured in 2022-2023. As per the Census data incorporated in the

tender documents released by IBA inviting bids for renewal for 2023-2024, it is stated that last year 156428 retirees (155432 non- domiciliary Plus 1026 domiciliary) exercised option for IBA policy. In this way retirees were required to pay **Rs. 281.57 crores more than** employees in complete violation of terms of the settlement dated 25.05. 2015. This is one year figure only. This violation is continuing for last 5 years i.e., 2018-2019 to 2022-2023. If we take average amount of extra premium charged to retirees as Rs. 281.57 crores, **total amount of 5 year comes to Rs. 1407.85 crores**. The retirees were forced to take this abnormal and unbearable hit which was completely in violation of the settlement.

Considering the unbearable financial burden imposed on retirees in last 5 years **in complete contravention of the terms of settlement having serious adverse consequences on health of the senior citizens** at the advancing age due to falling participation ratio and reducing sum assured availed , AIBRF representing more than 2.5 lakhs retirees as its members and registered under trade union act, as its duty and responsibility, started raising the issue of violation for last four years from time to time before IBA as well as before United forum of Bank Unions by writing letters as well as by approaching on one to one basis informally from time to time for resolution. But we find that IBA was completely unresponsive and also did not take any initiative to address the issue for solution. IBA neither acknowledged a single letter nor invited us for placing our views / suggestions before them in the matter in last 5 years. UFBU who is signatory of the settlement have also adopted policy of neither replying our letters written to them in the matter nor deemed it fit to consider our request to hold discussion to understand our views on the subject.

AIBRF has patiently waited for 5 years with the hope that system created by IBA and UFBU will respond to our representations for corrective action. But violation in the matter continued and retirees continued to bleed in terms of money in violation of the settlement. When all our sincere and continuous efforts failed to bring expected response internally, we had no option but to approach to your office for solution. We are happy to find that because of your intervention, the issue has come at the level of serious deliberations.

We were expecting that based on the deliberations on this issue in 5 joint meetings convened by your office, IBA and UFBU would work out some objective and judicious solution to stop violation in charging premium rates for retirees and provide much needed relief to us.

But we find from Para 2 of IBA Letter No. HR & IR /GOVT/Q/2023-24 dated 18.08.2023 addressed to you and handed over to us in the meeting of 4.09.2023 that IBA and UFBU have signed agreement dated 19.07.2023 for health insurance policy for retirees. According to provisions of this settlement, retiree policy has been separated from the employee policy and now there will not be any relevance between the premium rates chargeable to banks for employees and rates chargeable to individual retirees. The element of welfare, the spirit under which the scheme was extended to retirees by adopting uniform rates of premium for both, has been completely withdrawn and it has been placed to operate completely on commercial consideration. We do not find any logical reason for modifying the existing settlement separating retiree policy at this stage other than because of AIBRF pointing out the violation and approaching to CLC to find out some objective and judicious solution. But with this approach of IBA, we strongly feel that as if we have been punished.

- (b) **Sound & Responsive Grievance Redressal Mechanism at Apex level for GMIS for retirees:** This is another very important and vital issue we have raised in our representation. As explained in our various letters/ documents submitted in the joint meetings convened by your office and to IBA/ UFBU earlier, retirees have organized themselves independently in conformity of law of the country. Out of various settlements signed by IBA and UFBU, retirees have emerged as "BENEFICIARY GROUP". One such settlement is on

Group Medical Insurance Scheme for retirees. As per the data released by IBA in the tender document, last year, about 1.56 lakhs retirees availed group medical insurance paying premium amount of Rs. 450 crores under IBA policy. These retirees constitute Beneficiary group under the scheme and they are members of retiree organizations.

At present, no forum is available to this beneficiary group to raise their issues related to implementation of the scheme like chain of hospitals cashless facility, empanelment of TPAs, interpretation of clauses of the policy etc. IBA is not ready to create any Grievance Redressal Mechanism at the apex level for retirees despite repeated requests from AIBRF giving logics and reason for need to have such forum to minimize litigations and also despite instruction from Parliamentary Committee on Public grievance given in 2009. IBA has been taking plea that it is independent, voluntary organization and does not have mandate from member banks to discuss and negotiate with retiree organizations.

In response to the above stand of IBA, it may be mentioned that IBA has formed group medical scheme for retirees as per the mandate received from member banks. While forming the scheme and rules for implementation, several parties like insurance companies, third party TPAs, hospital chains, retiree beneficiary group have come in to existence under its ambit. IBA as nodal agency has been discussing, negotiating with these agencies for effective and proper administration of the scheme on the strength and authority of the mandate received from member banks but selectively excluding beneficiary group of retirees for any discussion and not providing any forum for redressal of their grievances to them. We do not think that while member banks giving mandate to IBA, specific mention has been made that IBA can not provide any forum to retirees for discussing their grievances at apex level. It is interesting to mention that most of the member banks are already recognizing retiree organizations at the bank level and are holding formal periodical discussion with them.

Consequence of IBA taking the stand of not holding discussion with retiree organization is only leading to dissatisfaction and disappointment among lakhs of retirees and also leading to avoidable litigation which is also against guidelines and instruction of the government. Universal established recognized practice in present day is to provide transparent and easily operatable forum/ window to the beneficiaries by the Principal/ Nodal Agency for addressing their issues for solution.

Your Kind attention is invited on Para 2 of IBA letter No. HR & IR/ Govt/ Q/2023-24 dated 18.08.2023 addressed to your office where it is stated that “**United forum of Bank Unions (UFBU) which represent employees and retirees**” According to the above, IBA recognizes that UFBU represent retiree also. But the fact remain that retirees have organized themselves independently as per existing laws of the country. AIBRF is apex level organization of bank retirees and is registered under trade union act and have been regularly complying legal requirements of Indian trade Union Act, 1926. However till today, UFBU is not prepared to hold any formal consultation with AIBRF/ other retiree organization despite repeated request from us for last 10 years. The whole system of dealing with retiree issues at IBA level appears divergent and disintegrated one. IBA is not ready to talk to retirees, UFBU claiming to represent retirees is not ready to hold discussion even with registered retiree organizations like AIBRF. It is resulting in to peculiar situation is grossly hurting retirees interest and compelling the retirees to run from pillar to post.

This is very vital issue and if not resolved in the conciliation meetings, it is our request that it may be referred at the appropriate forum for decision which should examine the rights of retired employees and desirability and need to create appropriate and effective forum to protect their interest.

(c) **Affordable Policy:** AIBRF has represented that IBA should take steps to introduce affordable policy where premium should be quite low and minimum so every section of the retirees can avail minimum health insurance policy. If needed, to reduce the cost of premium, some capping may be introduced.

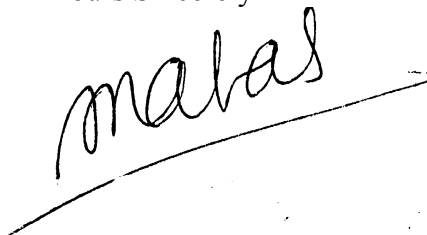
Further we requested that cost of premium should be borne by banks out of welfare funds. We find that as per the agreement dated 19.07.2023 signed between IBA and Unions, base policy of Rs. 2 lakhs has been envisaged with several capping on claim amounts. Full details of base policy and relevant points and premium rates and its funding are yet to be announced by IBA. We shall be able to respond specifically on it only after getting details from IBA and after examining benefits which are likely to accrue to retirees out of this exercise. However, at this stage we would like to offer the following comments:

- (a) As per the tender documents, IBA invited bids for employee and retiree policy simultaneously and completed the process by middle of August, 2023.
- (b) Further we understand that IBA has already approved rates for base policy and super top policy for employees and advised to member banks some time back.
- (c) As per the tender documents released by IBA, L 1 was to be approved based on minimum quotations for employee as well retiree policy put together.
- (d) **However, IBA is still not announcing premium rates for retirees even after completion of process one month back, but rates for employees policy have already been announced few days back.**
- (e) We understand from union circulars issued in the matter, premium rates for base policy for retiree will be around Rs. 22000/- It is quite high considering that very steep capping have been fixed under several items putting retirees in to disadvantageous positions at the time of claim.
- (f) We find that State Bank of India has finalized health insurance policy for retirees through negotiation and without adopting tender process. Premium fixed for Rs. 3 lakh base policy for retiree for the year 2023 is Rs. 19520 including GST. This much lower than reported premium charge of Rs. 22000 that too for sum assured of Rs. 2 lakhs only. Capping in case of SBI is much higher than stipulated in IBA base policy of Rs. 2 lakhs.
- (g) IBA has introduced super top policy for retirees from Rs. 1 lakh to Rs. 10 lakhs. However, the terms and conditions mentioned in the settlement are not very clear. Clarity in this respect is likely to come after IBA issues detailed circular on it. What will be the premium rates is yet not known, unless rates are announced, we cannot comment on it at this stage.
- (h) Position about subsidy on base policy is yet to announced
- (i) It is also interesting to note that despite adopting tender process to have minimum cost by following L 1 concept, for last 5 years, National Insurance Company is coming L 1 for both employees and retirees' policy despite huge increase in premium rates year after year. We do not think tender process has served any effective purpose to protect interest of retirees.
- (j) Claims ratio which determines premium rates are not shared.

3. We humbly request for your indulgence to resolve above three major issues for retirees in the conciliation process so the bank retirees can get creditable health insurance at reasonable cost.

With Respectful Regards,

Yours Sincerely



(S. C. JAIN)
GENERAL SECRETARY

