



# ALL INDIA RETIRED BANK EMPLOYEES ASSOCIATION

CENTRAL OFFICE : THIRUVANTHPURAM - 695 001

(Regd. No. 938/91)

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The Convener,  
United Forum of Bank Unions,  
Chandigarh

Respected Comrade,

## **Medical Insurance Scheme of Bank retirees**

We have been representing with regard to the Medical Insurance Scheme of Bank Retirees. We had expressed our apprehension with regard to this Medical Insurance Scheme becoming unviable. We had also brought to your kind notice with regard to the shorter life of any Medical Insurance Scheme, where there is selection. The Selection means availability of options to join. All such Schemes are hit by vicious cycles. Those who may not claim at all on account of various reasons may not join. Many such persons may not join on account of affordability. Those who are likely to join may be those who are likely to claim. This would result in an increase in claim ratio, which may be far more than 130% to 190%. Far higher premium for coverage with Domiciliary Treatment is an example to demonstrate this phenomenon. With huge increase in premium on account of higher claim ratio, would only compel many to leave the scheme. Not many examples of Group Medical Insurance Scheme which have survived for a long period of time are there, wherever there is an option to join. All such schemes have limited life.

We are of the opinion that reduction in room rent, capping of expenses for ailments, etc., have a tinkering effect only. At best, such endeavors may extend the life of the Scheme for a few more years. Reduction of GST or removal of GST on Medical Insurance premium does not help much, as premium would go up commensurately on account of reduced set-off of input GST benefit. The only way to reduce the liability is to get the GST on treatment and medicines reduced to a great extent. We are aware that we form a very small cog in the wheel in this regard. Subsidies would only help in a very small way, as it is available only to those who can afford to pay premium, not for those who cannot pay.

Respected Sirji, you are aware and have full information that nearly 40% of Bank Pensioners are receiving Pension less than Rs.10,000/-. Only 10% are receiving Pension over Rs.50,000/-. With this quantum of pension, Medical Insurance is out of reach for the most. UFBU, with good intentions, brought this Group Medical



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Insurance. Like Banks, Insurance Companies are also Commercial organisations, like Banks and cannot expect them to incur loss. Perhaps, coverage of all Bank Retirees/Pensioners with Medical Insurance to the extent of Rs.3.00 lakhs with certain restrictions may not cost more than Rs.400 Crores. The Banks are spending far higher amounts of monies towards discharging Corporate Social Responsibility. Ironically, over a half of their former employees are deprived of Medical Insurance and for many medical expenditure is out of reach.

We do understand that many are carrying an opinion that the cost of premium is huge by considering the premium paid by the retirees for their policy. This is completely wrong. The premium paid by the Banks in respect of employees needs to be considered for comparison. The employees' group insurance covers six lives, domiciliary treatment and corporate buffer. This cover insures all employees without any selection, unlike group insurance policy of retirees. You can cull from the claims data and find out what is the portion of domiciliary treatment cost included in the premium. We should also consider that the employees' group insurance policy has young employees and there would be many maternity claims. The employees' group policy also has senior citizen parents. Whereas, retirees' policy is without domiciliary treatment and with coverage of only two persons. There are large number of young retirees/their spouses. Therefore, we can certainly expect the premium of Rs.3.00 cover would be less than Rs.10,000/-. We request you to kindly ensure that IBA obtains a quote from the Insurance Company. We do have members with substantial experience/exposure in Insurance Industry. We can certainly help and assist in obtaining correct quote.

We need your support. This prayer and request are on behalf of lakhs of voiceless Bank Retirees. We request you to kindly persuade Indian Banks Association to introduce Medical Insurance for all. This decision would certainly be a service to humanity. Many of our former colleagues are staying in huts and slums. Please help such Bank Retirees, by ensuring introduction of Group Medical Insurance coverage for all, with the premium being paid by the Banks. You will certainly be helping many in saving lives and certainly add a few years of life with Medical Insurance. We feel that there cannot be better service to our former colleagues. Please help us.

We are enclosing a copy of the letter addressed to Hon'ble Finance Minister in this regard.

Thanking you,

With warm regards,

(R K Dhoot)

Secretary General