



ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION

(A.I.B.P.A.R.C.)

**C/O BANK OF INDIA OFFICERS' ASSOCIATION
(EASTERN INDIA BRANCHES)**

**BANK OF INDIA, KOLKATA MAIN BRANCH
23A, NETAJI SUBHAS ROAD, KOLKATA – 700 001
Mobile : 9674188524, E-mail : aibparc@gmail.com**

Circular No. 75/19

Date:11.10.2019

**(For circulation among members of the governing council of AIBPARC,
State Secretaries, Special Invitees and Advisors.)**

Dear Comrade,

**Sub: Group Medical Insurance Scheme for Bank Retirees for the year 2019-20.
Proposal of New India Assurance Co.**

We are reproducing hereunder the text of letter written by Com. K.V. Acharya, joint convener, CBPRO to General Secretary, AIBRF on above subject. This is for information of members.

With best wishes,

Suprita Sarkar
General Secretary

Quote:

Shri S C Jain
General Secretary,
A I B R F.

Date:07.10.2019

Dear Shri Jain,

**Sub: Group Medical Insurance Scheme for Bank Retirees for the year 2019-20.
Your Proposal regarding New India Assurance Co.**

I am totally surprised to see a forwarded WhatsApp message on the above scheme purported to have been sent by you to me on 5.10.2019 which was widely circulated provoking frantic calls from various affiliates and members expressing their anxiety about the contents of the said message. When I checked up my mobile, I did not find any message in WhatsApp from you. However, when I checked up my mail. the mail sent by you in the evening(05.10.19) with the attachment of your letter to UFBU suggesting them to ensure the acceptance of the New India Assurance offer by the IBA as the same was offered with reduced premium as compared with UIIC policy negotiated by the IBA. On further perusal of the mail, I saw the attachment of M/s Dastur & Co that presented a *fait accompli* wherein the broker has proposed the said offer inviting applications from interested Retirees. Immediately I contacted you over phone around 9.30 PM to find out from you about these sudden developments when on the previous day only I had a detailed talk with you about our efforts in trying to reduce the premium amount. I also expressed my anxiety and anguish about your approaching M/s Dastur & Co without taking CBPRO into confidence that too in respect of Bank Retirees Medical Insurance Scheme which was negotiated between IBA and the Unions in the year 2015 during the Bi-Bipartite settlement as per the guidelines of Department of Financial Services, Govt of India vide their communication dated 24.2.2012 to IBA.

It was also very surprising that M/s Dastur & Co has now come forward with the supposed offer of New India Assurance Co when in the year 2015 the same Dastur & Co were the broking company to UIIC policy and remained as Broking company continuously for three years during which period they could not contain the sharp increase in the premium amount year after year. Ultimately IBA decided to go ahead with the scheme without any

broker to save the brokerage amount to contain the premium amount. It is also in your knowledge where subsequently M/s Dastur & Co approached all Retirees organizations including your organization to have a privately arranged Insurance Scheme without involving IBA. But wisely all of us decided to remain with IBA Medical Insurance Scheme only as IBA's scheme is as directed by the Finance Ministry and negotiated between IBA and the Unions and managed by the respective Banks. This decision was taken to avoid unnecessary brokerage expenditure which would be loaded to premium and also to pursue the demands of the Retirees that insurance premium should be borne by the Banks as in the case of serving employees and also to ensure continuation of the scheme to take care of the health management of the Retirees with due responsibility by IBA and Bank managements. Of course, we were concerned about the sharp increase in the premium amount year after year and to reduce the premium, we were giving suggestions from time to time including this year without much success. But at no time the Retirees organizations thought of getting into any private arrangement as such private arrangements are fraught with dangers of accountability and responsibility affecting the Bank Retirees and more dangerously coming out of a negotiated scheme forever pre-empting and preventing the Retirees from getting any support from either the Government or the IBA or the Unions in future and ultimately leaving them to the mercy of the Broking company in respect of settlement of claims or redressal of grievances and also without any assurance of a reasonable premium in the future.

It is also intriguing that M/s Dastur & Co presents a *fait accompli* projecting your organization as the administrator of the Scheme when they invite directly from the Retirees applications with cheques towards premium drawn in favour of AIBRF A/c – Insurance pertaining to premium in the name of your organization whereas you have sent a letter urging the UFBU to persuade IBA to adopt the New India Assurance Co's offer by IBA.

We have also come across a social media message which suggests that you have been discussing with M/s Dastur & Co as early as July, 2019 whereas neither during our meetings in person nor during our telephone conversations you ever hinted to us that you are having discussions with the said Broking company. Subsequent to the above email of 5/10/2019, we are surprised by your communications to your Office Bearers/members, UFBU, and to us informing that you are in consultation with CBPRO while neither CBPRO nor any of its constituents were ever consulted or informed of your negotiation with the insurance broker. We are afraid this has put CBPRO in an awkward position having to face anxious inquiries from vast number of Retirees who are confused with the stand of your organization in regard to Medical Insurance Scheme, that too at a time when the date for renewal is fast approaching. No doubt, Retirees are emotionally upset with the increase in the premium but we sincerely feel that we have a duty to our members not to make them a prey to the superficially rationalized premium arranged through the Broking Company outside the IBA policy without any guarantee in respect of future premium amount. We cannot allow the hard-won negotiated Insurance Scheme to fall apart and subject them to future uncertainties either in respect of premium, accountability, responsibility and settlement of claims and ultimately leave them without any Health Management Care Scheme permanently. We also expect the Coordination amongst the Retirees organizations functions transparently, harmoniously and with meaningful discussions.

For record purpose we give below our further observations in regard to your proposal.

1. It should be our topmost priority to have the negotiated IBA Scheme only.
2. When the bids were invited by IBA why New India Assurance Co did not give the quote which they have supposedly given now.
3. Is there any guarantee by the Broking company about the future premium where as our experience for the first three years after introduction has been quite disappointing with the said Broking Company?
4. We should always bear in mind that once we come out of the IBA scheme, can we again knock the doors of Government, IBA and the Unions in the event of any frustrating experience with New India Assurance Co. Ltd in respect of premium amount, settlement of claims, resolution of disputes etc in future?
5. The Retirees who leave IBA scheme will not be able to join it later if they find your proposed scheme is prohibitively high in future and experience becoming uncomfortable. **We cannot afford to forget the plight of Retirees in respect of second option for Pension where it became later on very difficult and costly for those retirees who wanted to get back to the pension scheme.**
6. The fine prints have to be read carefully including conditions regarding pro-rata payment linked to room rent, Co Payment, exclusions etc to detect the pitfalls, more so when no reason is adduced as to why the New India Assurance Co failed to quote a lower bid to IBA but is now willing to quote a lower premium through an insurance Broker. Are there any hidden terms and conditions that may result in settlement amount being far less than that obtaining presently from UIIC? It is to be noted that relation between premium quote and the quantum of claims settled in the past cannot be ignored.

7. The pro-rata clause has to be understood for its serious implications where the claim amount gets substantially reduced depending upon the room rent. All advanced Medical treatment expenses with 50% Co-pay may have far reaching impact on claim settlement.
8. Availability of Super Top Up policy and its rates are not yet finalized in the Broker sponsored scheme
9. We cannot go for an off the shelf policy which is not discussed, negotiated or administered whereas the existing medical insurance scheme (IBA Insurance Policy) is administered by the Bank through a scheme worked out between IBA, Bank and the Insurance Company
10. Any scope for conflict of interest has to be scrupulously avoided by any organization. While CBPRO can be for participation by the Collective of Retiree organizations in any negotiations by IBA with the Insurance company, they are not for any individual Retiree organization privately negotiating a scheme giving up their watch dog role.
11. Bank arranged Medical Insurance Policy with an efficient internal grievance redressal mechanism is definitely better than Privately arranged insurance policy where recourse for redressal is only through litigation.
12. For UIIC, IBA is a very important VIP customer and hence naturally the Bank Retirees are more likely to get dedicated service from TPAs.
13. We have no quarrel over the choice of any insurance company be it New India Assurance Co or any other company so long as they offer the scheme with no hidden disadvantages in the fine prints and offer it through IBA as directed by Ministry of Finance.
14. We should continue our efforts to get the premium amount borne by the Bank or to start with substantial subsidy from the Bank.
15. In the light of most of the Banks coming out of PCA (Prompt Corrective Action) and also likely to post profits, subsidization of the premium is very much in the realm of possibility.
16. We are at a loss to know as to why CBPRO/UFBU were not taken into confidence when you were negotiating the New proposal though CBPRO/UFBU have been actively and sincerely pursuing the issue of Retirees 'Medical Insurance Scheme.
17. You will recall that before IBA discontinued the services of the broking firm, there were, reportedly complaints to CVC about the non-transparent manner of finalisation and implementation of the broker-arranged scheme by IBA. We are afraid that the proposed arrangement also suffers from similar and questionable modalities in view of the observations mentioned hereinbefore. It would be desirable for the organisations of the retirees to avoid getting into such situations.
18. Your communication is silent about an important aspect which should have been considered by New India while fixing the premium i.e. Whether the broking firm has shared the details of claim ratio for last 3-4 years under the policy of UIIC with New India? It would have a material impact on the new rate of premium. In the absence of SUCH TRANSPARENCY, we are sure that there will be steep rise in the premium by New India at next renewal with no fall back to retirees who opt to join it now by coming out of IBA negotiated policy of UIIC.

We hope that we have made our position clear in respect of the Medical Insurance Scheme. We should not create any confusion in the minds of the Retirees, that too when quite a good number of them are very aged. As a responsible organization, we will all try to get Medical Health care as reasonable as possible by sticking to IBA Medical Insurance Scheme only and try to enrol all retirees into the scheme.

With Regards,

Yours Comradely,



K V Acharya.
Joint Convenor, CBPRO