

# ALL INDIA BANK OFFICERS' CONFEDERATION

(Registered under the Trade Unions Act 1926, Registration No.:3427/Delhi)

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Circular No. 2016/51

Date: 01.10.2016

Dear Comrades,

- **RENEWAL OF GROUP HEALTH INSURANCE POLICY FOR EMPLOYEES FROM 1st OCTOBER 2016 TO 30th SEPTEMBER 2017.**
- **CONTINUATION OF THE BENEFIT THROUGH RENEWAL/BY THE BANKS.**

We have been receiving lot many queries from our Affiliates and members in respect of the captioned matter. We are seized of the issue and are in continuous touch with the Indian Banks' Association to protect the benefits acquired under the 10<sup>th</sup> Bipartite Settlement. Please find herebelow the text of the Letter sent to the Chairman, Indian Banks' Association, which is self explanatory and may help to dispel the anxieties from the minds of our members.

## QUOTE"

**The Chairman,  
Indian Banks' Association,  
Mumbai.**

Dear Sir,

- **RENEWAL OF GROUP HEALTH INSURANCE POLICY FOR EMPLOYEES FROM 1<sup>st</sup> OCTOBER 2016 TO 30<sup>th</sup> SEPTEMBER 2017.**
- **CONTINUATION OF THE BENEFIT THROUGH RENEWAL/BY THE BANKS.**

"The Medical Insurance Scheme was negotiated during 10<sup>th</sup> Bipartite Settlement and is, therefore, a part of the same. During the negotiations, we had lot of apprehensions and concerns with regard to continuation of the benefit. One of the assurances given to us was that the Health Insurance Policy which is being negotiated by the IBA will not be discontinued on account of hike in premium as the insurance premia have been frozen for three years. This assurance is substantiated by the Regulation 10 (c) of (Health Insurance) Regulations, 2016 notified by IRDA on 12<sup>th</sup> July 2016 which reads as "The premiums filed

shall ordinarily be not changed for a period of three years after a product has been cleared in accordance to the product filing guidelines specified by the Authority. Thereafter the insurer may revise the premium rates depending on the experience subject to (d) (e) and (f) hereunder. However, such revised rates shall not be changed for a further period of at least one year from the date of launching the revision." Since the product was supposed to have been cleared by IRDA, Insurance Company cannot make any change in the base premium.

We are really surprised to note that when the Insurance policy was issued to individual Banks, a claim matrix was incorporated in the Policies which was neither ever a part of presentations made by the Insurance broker/representatives of the Insurance company and nor ever included in the discussions with IBA. Individual banks considering their binding to implement Industry Level settlement, accepted the Insurance policy issued by the Insurance Company in good faith and with the impression that the terms of the Policies have been agreed by the IBA.

Even going by the matrix provided in the Insurance policy issued to individual banks, the bench mark/threshold limits have been fixed at 140%. At no stretch of imagination, banks can be asked to pay a loading of more than 18% mentioned against the threshold claim ratio of 136% to 140%. Asking for a hike of 112% in premium is totally wrong, unimaginable and illegal particularly due to the provisions of Section 4 of Extra Ordinary Part II (Health Insurance) 2016 published in the Gazette of India. To quote clause 25 of the same "the discounts and loadings offered shall not be at the discretion of the insurer and be disclosed upfront in the prospectus and Policy document alongwith objective criteria and shall be approved under Product filing guidelines"" Failure of such disclosures beyond a threshold limit of 140% of the claim matrix or any other presumption by the actuaries should not be permitted to be used to the disadvantage of the Banks, protection of which is the responsibility of Indian Banks' Association. Despite our forewarnings to IBA to freeze the premia for three years, which it could not ensure, we shall not be hesitating in extending all our support to IBA in negotiating with the Insurance Company, in the interest of our members and our Institutions.

Though we appreciate the efforts being made by you to persuade and request the insurers to reduce the Insurance premium being claimed by them, we strongly hold a view that these persuasions should be from the position of strength duly supported by (Health Insurance) Regulations and interest of the Banks should be protected. We would also like to request you that Banks should not be left to take their individual decisions and a common decision be taken by Indian Banks' Association to strongly negotiate with the Insurance Company to renew the Insurance Policy on the terms of no revision in the base premium for three years or at least by following the specific claim matrix provided by them in the Insurance Policies of a maximum increase in the base premium by 18%. In the absence of which, IBA must decide taking a legal recourse against the Insurance Company or approaching Consumer Forum.

Our above views are expressed solely with the intention to protect the interests of member Banks whose employees are our members but we cannot compromise with the benefit negotiated by us during the 10<sup>th</sup> Bipartite Settlement by way of Medical Insurance Scheme whether it is arranged through Insurance Company or is provided by the member Banks. We are sure that Indian Banks' Association will be able to procure the renewal of the Insurance Policy as per the original terms negotiated but if it cannot be arranged, then member Banks may immediately be advised to honour the claims of the employees to the debit of their establishment expenses.

Looking forward for a prompt action from your side."

**UNQUOTE**

We once again assure you that the issue would be followed till crystallized suitably.

With warm greetings,

Comradely Yours,

A handwritten signature in black ink, appearing to read 'Harvinder Singh', with a horizontal line underneath it.

(HARVINDER SINGH)  
**GENERAL SECRETARY**