

Association of Retired IOB's Employees

{ARISE}

30TH September, 2015

To

General Manager (PAD),
Indian Overseas Bank,
Central Office,
Anna Salai, Chennai.

Madame,

Sub: Group Medical Insurance Scheme for Retirees

We invite your attention to the talk we had with you on the captioned subject. We discussed mainly the following issues-

- 1) Rate of Insurance Premium
- 2) Sharing the Cost of Insurance Premium
- 3) Deletion of the condition dependency for covering spouse
- 4) Clarity regarding coverage of spouse of deceased employee/ retiree

On Rate of Insurance Premium – Though it is an industry level settlement, we request you to take up with IBA the matter of inequity in charging the same premium for both serving and retired employees. While servicing employees get cover for self, spouse (irrespective of dependency status), dependent children and dependent parents or parents in law, the retiree gets cover for self and for spouse only if the spouse is dependent. So the cover will be for an average of 6 persons for serving employees whereas the maximum cover itself will be only for two persons in case of retirees. Even assuming the retirees being aged may require more medical treatment, the same goes for parents/parents in law of the serving employees too. The premium cannot be the same to cover an average of six persons for a serving employee and to cover of maximum two persons for a retiree. You may please take up with the Insurance Company through the IBA for substantial reduction of premium for retirees irrespective of who bears/shares the cost of premium.

On Sharing the Cost of Insurance Premium - *Unlike in other banks*, we the retirees in our Bank have contributed 50% of our last salary (Special VRS optees paid more than that) as one time contribution to the REMAS corpus to facilitate implementation of Group Medical Insurance scheme at our Bank's level .

Bank has in turn committed to get insurance cover of Rs.1,50,000 every year for self and spouse and to pay a cash compensation of Rs.2000 every year to all REMAS members to meet domiciliary treatment expenses. The premium paid now to Universal Sampo Insurance Company for this cover is more than Rs. 4000 per member. In other words, Bank has committed and is already incurring a total medical expenditure of Rs.6000 plus per retiree (i.e. Rs.2000 cash compensation + Rs4000 plus annual insurance premium) which is almost equal to the premium of proposed IBA's Group Medical Insurance Scheme. Inasmuch as there is not much variation in respect of premium outlay, the bank may continue to bear the cost of premium as hitherto, and terminate the present REMAS and discontinue therefore the cash compensation of Rs.2000 per year. However the future retirees will also pay 50% of salary as one time contribution to the Fund. It may also be noted that paying heed to the recommendation of Parliamentary Standing Committee, the Department of Financial Services sent a letter in 2012 to IBA **(F.No.14/7/92 –IR (Vol-II dated 24/02/2012)** directing it to devise a scheme of Group Medical Insurance for both serving employees and retirees instead of making direct cash reimbursements. So when the government has directed IBA to devise a group insurance scheme for retirees at individual Bank's cost, all banks ought to bear the cost of insurance premium..

3) On Deletion of the condition 'dependency' for covering spouse- In all industry-level settlements, Spouse is always covered for benefits irrespective of the *dependency* status. This is the first time the condition of dependency is incorporated to extend insurance cover to a spouse of a retiree. No such condition is attached to a serving employee. While dependent parents/parents in law and dependent children are defined with reference to income/marital status there is no definition about dependent spouse. If the same income criterion as obtaining for parents/parents in law is applied, a large number of spouses would get excluded from insurance cover. A good number of retirees get cover only for self as they do not have living spouses and by this *dependency* condition a still more large section of retirees would get cover only for self and not for spouse. Almost all female retirees would get cover only for self because the spouse (husband) would in all probability be not dependent on female officers. This is an injustice to female officers and offends sex-equality because the male retirees may get cover for spouse but not female retirees. It may also be noted that the presentation brochure given by insurance broker *Dastur & Co.* does not have the '*dependency*' clause for cover of spouses of retirees. It is also understood that in a recent presentation they made at Mumbai, the insurance company's executive clarified that dependent is a redundant phrase and that all spouses irrespective of their income will be covered. Hence this inadvertent inclusion of *dependency* clause for spouses of retirees has to be removed.

On Clarity regarding coverage of spouse of deceased employee/ retiree – The document of IBA lacks clarity regarding insurance cover for spouses of deceased employees/retirees. We have been told during our discussion that Bank received clarification extending the cover to such spouses. It is essential that spouses of deceased employees/retirees should not be left in lurch though their number is small. Further a retiree may discontinue his/her present insurance policies because of the proposed group insurance for self and spouse and if the spouse cannot be covered under the scheme after the death of the retiree and by then, if the spouse crossed the age of entry to get individual medical insurance, then the spouse would have to go without any insurance. So also, during the cover period the spouse might

have contracted some ailment/disease and so after the death of the employee/retiree, the spouse cannot get cover under a new individual policy for these diseases on grounds of pre-existing diseases. Such an eventuality is not fair and hence is not acceptable. It is understood that in a recent presentation they made at Mumbai , the insurance company 's executive clarified that spouses of deceased employee/ retiree is also eligible to join the scheme. Inasmuch as the Bank has favourable clarification in this regard, we request that this may be mentioned in the circular that the bank proposes to issue soon.

We request you to kindly take a favourable decision on all the above and communicate in the circular.

Thanking you

S.B.C.KARUNAKARAN
(General Secretary)